

Digital Realty Trust, Inc.
Form S-3ASR
April 26, 2007
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As filed with the Securities and Exchange Commission on April 26, 2007

Registration No.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3
REGISTRATION STATEMENT

Under
THE SECURITIES ACT OF 1933

DIGITAL REALTY TRUST, INC.

(Exact Name of Registrant as Specified in its Charter)

Maryland
(State or Other Jurisdiction of Incorporation or
Organization)

Digital Realty Trust, Inc.

26-0081711
(I.R.S. Employer

Identification Number)

560 Mission Street, Suite 2900

San Francisco, California 94105

(415) 738-6500

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Michael F. Foust

Chief Executive Officer

Digital Realty Trust, Inc.

560 Mission Street, Suite 2900

San Francisco, California 94105

(415) 738-6500

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copy to:

Julian T.H. Kleindorfer, Esq.

Keith Benson, Esq.

Latham & Watkins LLP

505 Montgomery Street, Suite 2000

San Francisco, CA 94111

(415) 391-0600

Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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If this form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. x

If this form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ..

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed	Amount of
			Aggregate Offering Price	Registration Fee
Common Stock, \$0.01 par value per share	6,245,466 shares ⁽¹⁾⁽²⁾	\$39.84 ⁽³⁾	\$248,819,365.44 ⁽³⁾	\$7,638.75

- (1) Represents the maximum number of shares of common stock that could be issuable upon exchange of the 4.125% Exchangeable Senior Debentures due 2026 of our operating partnership, Digital Realty Trust, L.P., at the maximum rate of 36.2056 common shares per \$1,000 principal amount of debentures. Pursuant to Rule 416 under the Securities Act of 1933, as amended (the Securities Act), this registration statement also covers such additional shares of common stock that may be issued from time to time upon exchange of the debentures as a result of the anti-dilution provisions of the debentures.
- (2) In the event of a stock split, stock dividend or similar transaction involving the common stock, the number of shares of common stock registered shall be automatically increased to cover additional shares of common stock in accordance with Rule 416(a) under the Securities Act. No additional consideration will be received for such additional shares, and therefore no registration fee is required pursuant to Rule 457(i) under the Securities Act.
- (3) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(a) of the Securities Act and, in accordance with Rule 457(c) under the Securities Act, based on the average of the high and low reported sale price per share of our common stock on the New York Stock Exchange on April 24, 2007.

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PROSPECTUS

6,245,466 Shares

Common Stock

Our operating partnership, Digital Realty Trust, L.P., issued and sold \$172,500,000 aggregate principal amount of its 4.125% Exchangeable Senior Debentures due 2026 in a private transaction on August 15, 2006. Under certain circumstances, we may issue shares of our common stock upon the exchange of the debentures. In such circumstances, the recipients of such common stock, whom we refer to as the selling securityholders, may use this prospectus or any accompanying prospectus supplement to resell from time to time some or all the shares of our common stock that we may issue to them upon the exchange of the debentures. Additional selling securityholders may be named by future prospectus supplements.

The registration of the shares of our common stock covered by this prospectus and any accompanying prospectus supplements does not necessarily mean that any of the selling securityholders will exchange their debentures for shares of our common stock, that upon any exchange of the debentures we will elect, in our sole and absolute discretion, to exchange some or all of the debentures for shares of our common stock rather than cash, or that any shares of our common stock received upon exchange of the debentures will be sold by the selling securityholders.

We will not receive any proceeds from any issuance of shares of our common stock to the selling securityholders upon exchange of debentures or from any sale of such shares of common stock by the selling securityholders, but we have agreed to pay certain registration expenses relating to these shares of our common stock. The selling securityholders from time to time may offer and sell shares of our common stock held by them directly or through agents or broker-dealers on terms to be determined at the time of sale, as described in more detail in this prospectus and any accompanying prospectus supplements.

To assist us in complying with certain federal income tax requirements applicable to real estate investment trusts, or REITs, among other purposes, our charter contains certain restrictions relating to the ownership and transfer of our common stock, preferred stock and capital stock, including an ownership limit of 9.8% on our common stock. See Description of Securities Restrictions on Ownership and Transfer in this prospectus.

Our common stock is listed on the New York Stock Exchange, or NYSE, under the symbol DLR. The last reported sales price per share of our common stock on the NYSE on April 24, 2007 was \$40.01 per share.

Investing in our common stock involves risks. See Risk Factors on page 2 of this prospectus.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or determined if this prospectus or any accompanying prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is April 26, 2007

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Unless otherwise indicated or unless the context requires otherwise, all references in this prospectus or any accompanying prospectus supplement to we, us, our or our company refer to Digital Realty Trust, Inc. together with our consolidated subsidiaries, including Digital Realty Trust, L.P., a Maryland limited partnership of which we are the sole general partner and which we refer to in this prospectus and any accompanying prospectus supplement as our operating partnership.

You should rely only on the information contained in or incorporated by reference in this prospectus or any accompanying prospectus supplement. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information contained in this prospectus and any accompanying prospectus supplement, as well as information that we have previously filed with the U.S. Securities and Exchange Commission, or the SEC, and incorporated by reference, is accurate only as of the date of the applicable document. Our business, financial condition, results of operations and prospects may have changed since those dates.

The distribution of this prospectus and any accompanying prospectus supplement and the offering of our common stock in certain jurisdictions may be restricted by law. If you possess this prospectus or any accompanying prospectus supplement, you should find out about and observe these restrictions. This prospectus and any accompanying prospectus supplement are not an offer to sell our common stock and are not soliciting an offer to buy our common stock in any jurisdiction where the offer or sale is not permitted or where the person making the offer or sale is not qualified to do so or to any person to whom it is not permitted to make such offer or sale. See Plan of Distribution in this prospectus.

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DIGITAL REALTY TRUST, INC.

We own, acquire, reposition and manage technology-related real estate. We target high-quality, strategically located properties containing applications and operations critical to the day-to-day operations of technology industry tenants and corporate enterprise datacenter users, including the information technology, or IT, departments of Fortune 1000 and financial services companies. Our tenant base is diversified and reflects a broad spectrum of regional, national and international tenants that are leaders in their respective areas. We operate as a real estate investment trust, or REIT, for federal income tax purposes.

Through our operating partnership, at December 31, 2006, we owned 59 properties, excluding one property held as an investment in an unconsolidated joint venture. Our properties are primarily located throughout North America with seven properties in Europe. As of December 31, 2006, our properties contain a total of approximately 9.4 million net rentable square feet, excluding approximately 1.6 million square feet held for redevelopment. Our operations and acquisition activities are focused on a limited number of markets where technology industry tenants and corporate datacenter users are concentrated, including the Boston, Chicago, Dallas, Los Angeles, New York, Northern Virginia, San Francisco and Silicon Valley metropolitan areas. As of December 31, 2006, our portfolio, excluding space held for redevelopment, was approximately 95.0% leased at an average gross annualized rent per leased square foot of \$27.73. The types of properties within our focus include:

Internet gateways, which serve as hubs for Internet and data communications within and between major metropolitan areas;

Data centers, which provide secure, continuously available environments for the storage and processing of critical electronic information. Datacenters are used for disaster recovery purposes, transaction processing and to house corporate IT operations;

Technology manufacturing properties, which contain highly specialized manufacturing environments for such purposes as disk drive manufacturing, semiconductor manufacturing and specialty pharmaceutical manufacturing; and

Regional or national offices of technology companies that are located in our target markets.

Our principal executive offices are located at 560 Mission Street, Suite 2900, San Francisco, California 94105. Our telephone number is (415) 738-6500. Our website is located at www.digitalrealtytrust.com. The information found on, or otherwise accessible through, our website is not incorporated into, and does not form a part of, this prospectus or any accompanying prospectus supplement or any other report or document we file with or furnish to the SEC.

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RISK FACTORS

In addition to other information contained in this prospectus and any accompanying prospectus supplement, you should carefully consider the risks incorporated by reference to our most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q in evaluating our company, our properties and our business before investing in our common stock. These risks are not the only ones faced by us. Additional risks not presently known or that are currently deemed immaterial could also materially and adversely affect our financial condition, results of operations, business and prospects. Any of these risks might cause you to lose all or a part of your investment. Some statements in this prospectus and any accompanying prospectus supplement and the documents incorporated by reference constitute forward-looking statements. Please refer to the section entitled "Forward-Looking Statements" in this prospectus.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the SEC using a "shelf" registration process for the delayed offering and sale of securities pursuant to Rule 415 under the Securities Act of 1933, as amended. Under the shelf registration process, the selling securityholders may, from time to time, sell the offered securities described in this prospectus and any accompanying prospectus supplement in one or more offerings. Additionally, under the shelf registration process, in certain circumstances, we may provide a prospectus supplement that will contain specific information about the terms of a particular offering by one or more selling securityholders. We may also provide a prospectus supplement to add, update or change information contained in this prospectus.

You should read both this prospectus and any accompanying prospectus supplement together with the additional information described in "Incorporation by Reference" in this prospectus.

Selling securityholders may offer shares of our common stock directly, through agents, or to or through underwriters. A prospectus supplement may describe the terms of the plan of distribution and set forth the names of any underwriters involved in the sale of shares of our common stock. See "Plan of Distribution" in this prospectus.

AVAILABLE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file with the SEC at the SEC's public reference room at 100 F Street, N.E. Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The SEC also maintains a web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC at <http://www.sec.gov>. You can inspect reports and other information we file at the offices of the NYSE, 20 Broad Street, New York, New York 10005. In addition, we maintain a website that contains information about us at <http://www.digitalrealtytrust.com>. The information found on, or otherwise accessible through, our website is not incorporated into, and does not form a part of, this prospectus or any accompanying prospectus supplement or any other report or document we file with or furnish to the SEC.

We have filed with the SEC a registration statement on Form S-3, of which this prospectus is a part, including exhibits, schedules and amendments filed with, or incorporated by reference in, this registration statement, under the Securities Act of 1933, as amended, or the Securities Act, with respect to the securities registered hereby. This prospectus and any accompanying prospectus supplement do not contain all of the information set forth in the registration statement and exhibits and schedules to the registration statement. For further information with respect to our company and the securities registered hereby, reference is made to the registration statement, including the exhibits to the registration statement. Statements contained in this prospectus

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and any accompanying prospectus supplement as to the contents of any contract or other document referred to in, or incorporated by reference in, this prospectus and any accompanying prospectus supplement are not necessarily complete and, where that contract is an exhibit to the registration statement, each statement is qualified in all respects by the exhibit to which the reference relates. Copies of the registration statement, including the exhibits and schedules to the registration statement, may be examined at the SEC's public reference room. Copies of all or a portion of the registration statement can be obtained from the public reference room of the SEC upon payment of prescribed fees. This registration statement is also available to you on the SEC's website.

INCORPORATION BY REFERENCE

The SEC allows us to incorporate by reference the information we file with the SEC, which means that we can disclose important information to you by referring to those documents. The information incorporated by reference is an important part of this prospectus and any accompanying prospectus supplement. The incorporated documents contain significant information about us, our business and our finances. Any statement contained in a document which is incorporated by reference in this prospectus and any accompanying prospectus supplement is automatically updated and superseded if information contained in this prospectus or any accompanying prospectus supplement, or information that we later file with the SEC, modifies or replaces this information. We incorporate by reference the following documents we have filed or will file with the SEC:

our Annual Report on Form 10-K for the year ended December 31, 2006;

our Definitive Proxy Statement on Schedule 14A filed with the SEC on March 30, 2007;

our Current Report on Form 8-K/A filed with the SEC on September 22, 2006;

our Current Report on Form 8-K filed with the SEC on April 25, 2007;

our Current Report on Form 8-K filed with the SEC on April 11, 2007;

our Item 8.01 and Item 9.01 Current Report on Form 8-K filed with the SEC on April 10, 2007;

our Current Report on Form 8-K filed with the SEC on March 30, 2007;

our Current Report on Form 8-K filed with the SEC on March 15, 2007;

the description of our series C cumulative convertible preferred stock, par value \$0.01 per share, deemed contained, pursuant to Rule 430B under the Securities Act, in our Registration Statement of Form S-3 filed on April 4, 2006 (file number 333-132980), including any amendment or reports filed for the purpose of updating this description;

the description of our series B cumulative redeemable preferred stock, par value \$0.01 per share, contained in our Registration Statement on Form 8-A filed on July 20, 2005 (file number 001-32336), including any amendment or reports filed for the purpose of updating this description;

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the description of our series A cumulative redeemable preferred stock, par value \$0.01 per share, contained in our Registration Statement on Form 8-A filed on February 2, 2005 (file number 001-32336), including any amendment or reports filed for the purpose of updating this description;

the description of our common stock, par value \$0.01 per share, contained in our registration statement on Form 8-A filed with the SEC on October 28, 2004 (file number 001-32336), including any amendment or reports filed for the purpose of updating this description; and

all documents filed by us with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, after the date of this prospectus.

Information included or incorporated by reference in this prospectus and any accompanying prospectus supplement shall be deemed automatically updated and superseded if information contained in any document we subsequently file with the SEC prior to the termination of this offering modifies or replaces the information included or incorporated by reference in this prospectus.

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We will provide to each person to whom this prospectus is delivered a copy of any or all of the information that we have incorporated by reference into this prospectus but not delivered with this prospectus. To receive a free copy of any of the documents incorporated by reference in this prospectus, other than exhibits, unless they are specifically incorporated by reference in those documents, call or write to General Counsel, Digital Realty, Inc., 560 Mission Street, Suite 2900, San Francisco, California 94105-2712 (telephone (415) 738-6500).

FORWARD-LOOKING STATEMENTS

This prospectus and any accompanying prospectus supplement, including the documents that we incorporate by reference, contains forward-looking statements within the meaning of the safe harbor from civil liability provided for such statements by the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act and Section 21E of the Exchange Act). Also, documents we subsequently file with the SEC and incorporate by reference will contain forward-looking statements. In particular, statements pertaining to our capital resources, portfolio performance and results of operations contain forward-looking statements. Likewise, pro forma financial statements and other pro forma information incorporated by reference and all of our statements regarding anticipated growth in our funds from operations and anticipated market conditions, demographics and results of operations are forward-looking statements. Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). You can identify forward-looking statements by the use of forward-looking terminology such as believes, expects, may, will, should, seeks, approximately, intends, plans, anticipates or the negative of these words and phrases or similar words or phrases. You can also identify forward-looking statements by discussions of strategies, plans or intentions. The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

adverse economic or real estate developments in our markets or technology industry;

our dependence upon significant tenants;

general and local economic conditions;

our inability to comply with the rules and regulations applicable to public companies or to manage our growth effectively;

defaults on or non-renewal of leases by tenants;

difficulty acquiring or operating properties in foreign jurisdictions;

increased interest rates and operating costs;

our failure to obtain necessary outside financing;

decreased rental rates or increased vacancy rates;

difficulties in identifying properties to acquire and completing acquisitions;

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our failure to successfully operate acquired properties and operations;

our failure to maintain our status as a REIT;

possible adverse changes to tax laws;

environmental uncertainties and risks related to natural disasters;

financial market fluctuations;

changes in foreign currency exchange rates;

changes in foreign laws, including those related to taxation and real estate ownership and operation;

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changes in real estate and zoning laws and increases in real property tax rates; and

inability to successfully develop and lease space held for redevelopment.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We disclaim any obligation to update publicly or revise any forward-looking statement to reflect changes in underlying assumptions or factors, new information, data or methods, future events or other changes. For a further discussion of these and other factors that could impact our future results, performance or transactions, see **Risk Factors** in our most recent Annual Report on Form 10-K, as updated by our future filings.

USE OF PROCEEDS

The selling securityholders will receive all of the proceeds from the resale of shares of our common stock under this prospectus or any accompanying prospectus supplement. We will receive not receive and proceeds from these resales.

PRICE RANGE OF COMMON STOCK AND DISTRIBUTION POLICY

Our common stock is listed on the NYSE under the symbol **DLR**. Our common stock has been traded on the NYSE since October 29, 2004. The following table sets forth, for the periods indicated, the high, low and last sale prices per share of our common stock and the distributions we declared with respect to the periods indicated.

	High	Low	Last	Distribution
Year Ended December 31, 2005				
First Quarter	\$ 14.81	\$ 12.50	\$ 14.37	\$ 0.24375
Second Quarter	\$ 17.49	\$ 13.67	\$ 17.38	\$ 0.24375
Third Quarter	\$ 19.97	\$ 16.80	\$ 18.00	\$ 0.24375
Fourth Quarter	\$ 24.70	\$ 17.73	\$ 22.63	\$ 0.26500
Year Ended December 31, 2006				
First Quarter	\$ 28.59	\$ 22.29	\$ 28.17	\$ 0.26500
Second Quarter	\$ 29.54	\$ 22.66	\$ 24.69	\$ 0.26500
Third Quarter	\$ 31.88	\$ 24.58	\$ 31.32	\$ 0.26500
Fourth Quarter	\$ 37.31	\$ 30.73	\$ 34.23	\$ 0.28625
Year Ended December 31, 2007				
First Quarter	\$ 40.42	\$ 33.76	\$ 39.90	\$ 0.28625
Second Quarter (through April 24, 2007)	\$ 40.55	\$ 38.73	\$ 40.01	N/A

On April 24, 2007, the closing sale price per share for our common stock, as reported on the NYSE, was \$40.01. As of March 31, 2007, there were six holders of record of our common stock. This figure does not reflect the beneficial ownership of shares held in nominee name.

We intend to continue to declare quarterly distributions on our common stock. The actual amount and timing of distributions, however, will be at the discretion of our board of directors and will depend upon our financial condition in addition to the requirements of the Internal Revenue Code of 1986, as amended, or the Code, and we cannot assure you as to the amounts or timing of future distributions.

Subject to the distribution requirements applicable to REITs under the Code, we intend, to the extent practicable, to invest substantially all of the proceeds from sales and refinancings of our assets in real estate-related assets and other assets. We may, however, under certain circumstances, make a distribution of capital or of assets. Such distributions, if any, will be made at the discretion of our board of directors. Distributions will be made in cash to the extent that cash is available for distribution.

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The 4.125% Exchangeable Senior Debentures due 2026, were originally issued by Digital Realty Trust, L.P., our operating partnership, and sold by the initial purchasers of the debentures in transactions exempt from the registration requirements of the Securities Act to persons reasonably believed by the initial purchasers to be qualified institutional buyers as defined by Rule 144A under the Securities Act. Under certain circumstances, we may issue shares of our common stock upon the exchange of the debentures. In such circumstances, the recipients of shares of our common stock, whom we refer to as the selling securityholders, may use this prospectus and any accompanying prospectus supplement to resell from time to time the shares of our common stock that we may issue to them upon the exchange of the debentures. Information about selling securityholders is set forth in this prospectus, and information about additional selling securityholders may be set forth in a prospectus supplement, in a post-effective amendment, or in filings we make with the SEC under the Exchange Act that are incorporated by reference in this prospectus.

The following table sets forth information, as of April 26, 2007, with respect to the selling securityholders and the maximum number of shares of our common stock that could become beneficially owned by each selling securityholder should we issue shares of our common stock to such selling securityholder that may be offered pursuant to this prospectus upon the exchange of the debentures. The information is based on information provided by or on behalf of the selling securityholders. The selling securityholders may offer all, some or none of the shares of our common stock which we may issue upon the exchange of the debentures. The number of shares of our common stock issuable upon the exchange of the debentures shown in the table below assumes exchange of the full amount of debentures held by each selling securityholder at the maximum exchange rate of 36.2056 shares of our common stock per \$1,000 principal amount of debentures and a cash payment in lieu of any fractional share (the initial exchange rate of the debentures is 30.6828 shares of our common stock per \$1,000 principal amount of debentures). The exchange rate on the debentures is subject to adjustment in certain events. Accordingly, the maximum number of shares of our common stock issuable upon the exchange of the debentures may increase or decrease from time to time. In addition, due to the exchange settlement provisions of the debentures, we may not be required to issue the maximum number of shares of our common stock upon any exchanges of debentures. The percent of shares of common stock beneficially owned following the exchange is based on 60,692,858 shares of common stock outstanding as of March 31, 2007.

Name ⁽¹⁾	Shares of Common Stock Beneficially Owned Prior to the Exchange	Maximum Number of Shares of Common Stock Issuable Upon Exchange of Outstanding Debentures ⁽²⁾	Shares of Common Stock Beneficially Owned Following the Exchange		Number of Shares of Common Stock Offered ⁽⁴⁾	Common Stock Beneficially Owned after Resale	
			Shares	Percent ⁽³⁾		Shares	Percent
1976 Distribution Trust FBO A.R. Lauder ⁽⁵⁾		181	181	*	181		*
2000 Revocable Trust FBO A.R. Lauder ⁽⁵⁾		144	144	*	144		*
AHFP Context ⁽⁶⁾		24,438	24,438	*	24,438		*
Alcon Laboratories ⁽⁵⁾		16,690	16,690	*	16,690		*
Altma Fund Sicav plc in respect of the Grafton Sub Fund ⁽⁶⁾		114,952	114,952	*	114,952		*
Amaranth LLC ⁽⁷⁾	15,600	117,668	133,268	*	117,668	15,600	*
Arkansas Teacher Retirement ⁽⁸⁾		226,466	226,466	*	226,466		*
Arlington County Employees Retirement System ⁽⁵⁾		23,931	23,931	*	23,931		*
Baptist Health of South Florida ⁽⁸⁾		39,283	39,283	*	39,283		*
Basso Fund Ltd. ⁽⁹⁾		8,182	8,182	*	8,182		*
Basso Holdings Ltd. ⁽⁹⁾		190,006	190,006	*	190,006		*
Basso Multi-Strategy Holding Fund Ltd. ⁽⁹⁾		38,595	38,595	*	38,595		*

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Name ⁽¹⁾	Shares of Common Stock Beneficially Owned Prior to the Exchange	Maximum Number of Shares of Common Stock Issuable Upon Exchange of Outstanding Debentures ⁽²⁾	Shares of Common Stock Beneficially Owned Following the Exchange		Number of Shares of Common Stock Offered ⁽⁴⁾	Common Stock Beneficially Owned after Resale	
			Shares	Percent ⁽³⁾		Shares	Percent
Black Diamond Convertible Offshore LDC ⁽¹⁰⁾		72,411	72,411	*	72,411		*
Black Diamond Offshore Ltd. ⁽¹⁰⁾		24,981	24,981	*	24,981		*
BMO Nesbitt Burns, Inc. ⁽¹¹⁾		128,529	128,529	*	128,529		*
British Virgin Islands Social Security Board ⁽⁵⁾		5,539	5,539	*	5,539		*
Casam Context Offshore Advantage Fund Limited ⁽⁶⁾		56,118	56,118	*	56,118		*
CB Richard Ellis Investors, LLC ⁽¹²⁾		24,852	24,852	*	24,852		*
Cincinnati Insurance Company ⁽¹³⁾		5,430	5,430	*	5,430		*
Citigroup Global Markets, Inc. ⁽¹⁴⁾		9,413	9,413	*	9,413		*
City University of New York ⁽⁵⁾		4,779	4,779	*	4,779		*
CNH CA Master Account, L.P. ⁽¹⁵⁾		99,565	99,565	*	99,565		*
Columbia Convertible Securities Fund ⁽¹⁶⁾		98,841	98,841	*	98,841		*
Continental Assurance Company on Behalf of Its Separate Account (E) ⁽¹⁷⁾		94,134	94,134	*	94,134		*
Convertible Securities Fund ⁽¹⁶⁾		724	724	*	724		*
Context Advantage Master Fund, L.P. ⁽⁶⁾		383,779	383,779	*	383,779		*
CQS Convertible and Quantitative Strategies Master Fund ⁽¹⁸⁾		90,514	90,514	*	90,514		*
Daimler Chrysler Corp. Emp. #1 Pension Plan dated 4/1/89 ⁽¹⁹⁾		45,655	45,655	*	45,655		*
D.E. Shaw Valence Portfolios, L.L.C. ⁽²⁰⁾		181,028	181,028	*	181,028		*
Double Black Diamond Offshore LDC ⁽¹⁰⁾		156,046	156,046	*	156,046		*
Ellington Overseas Partners, LTD ⁽²¹⁾		72,411	72,411	*	72,411		*
Engineers Joint Pension Fund ⁽⁸⁾		15,387	15,387	*	15,387		*
Finch Tactical Plus Class B ⁽⁶⁾		17,197	17,197	*	17,197		*
Five Sticks, L.P. ⁽⁹⁾		16,654	16,654	*	16,654		*
FPL Group Employee Pension Plan ⁽¹⁹⁾		17,595	17,595	*	17,595		*
Franklin and Marshall College ⁽¹⁹⁾		1,086	1,086	*	1,086		*
Froley Revy Alternative Strategies ⁽²²⁾		18,102	18,102	*	18,102		*
Grable Foundation ⁽⁵⁾		2,461	2,461	*	2,461		*
Grady Hospital ⁽⁵⁾		3,005	3,005	*	3,005		*
Guardian Pension Trust ⁽²³⁾		18,102	18,102	*	18,102		*
Harry M. & Violet Turner Charitable Trust ⁽²⁴⁾		3,620	3,620	*	3,620		*
HBK Master Fund L.P. ⁽²⁵⁾		63,359	63,359	*	63,359		*

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Name ⁽¹⁾	Shares of Common Stock Beneficially Owned Prior to the Exchange	Maximum Number of Shares of Common Stock Issuable Upon Exchange of Outstanding Debentures ⁽²⁾	Shares of Common Stock Beneficially Owned Following		Number of Shares of Common Stock Offered ⁽⁴⁾	Common Stock Beneficially Owned after Resale	
			the Exchange			Shares	Percent
			Shares	Percent ⁽³⁾		Shares	Percent
Highbridge International LLC ⁽²⁶⁾		543,084	543,084	*	543,084		*
Independence Blue Cross ⁽⁵⁾		16,401	16,401	*	16,401		*
Institutional Benchmarks Series (Master Feeder) Limited in Respect of Alcor Series ⁽⁶⁾		17,197	17,197	*	17,197		*
Institutional Benchmarks Series (Master Feeder) Limited in Respect of the Grafton Sub Fund ⁽⁶⁾		8,146	8,146	*	8,146		*
JMG Capital Partners, LP ⁽²⁷⁾		391,020	391,020	*	391,020		*
KBC Convertibles MAC28 Limited ⁽²⁸⁾		28,964	28,964	*	28,964		*
KBC Diversified Fund, a Segregated Portfolio of KBC Diversified Fund, SPC ⁽²⁸⁾		57,928	57,928	*	57,928		*
KBC Financial Products USA Inc. ⁽²⁹⁾		162,925	162,925	*	162,925		*
LDG Limited ⁽³⁰⁾		12,092	12,092	*	12,092		*
Lyxor/Context Fund LTD ⁽⁶⁾		52,498	52,498	*	52,498		*
Lyxor Quest Fund LTD ⁽³¹⁾		108,616	108,616	*	108,616		*
Merrill Lynch, Pierce, Fenner and Smith ⁽³²⁾		155,684	155,684	*	155,684		*
Mohican VCA Naster Fund, Ltd. ⁽³³⁾		99,565	99,565	*	99,565		*
Morgan Stanley Convertible Securities Trust ⁽³⁴⁾		12,671	12,671	*	12,671		*
New Orleans Firefighters ⁽⁵⁾		2,787	2,787	*	2,787		*
Nicholas Applegate U.S. Convertible Fund ⁽⁸⁾		66,256	66,256	*	66,256		*
NJF DIV, INT, Prem Strategy ⁽⁸⁾		343,953	343,953	*	343,953		*
Occidental Petroleum ⁽⁵⁾		10,644	10,644	*	10,644		*
Police & Firefighters of the City of Detroit ⁽⁵⁾		16,292	16,292	*	16,292		*
Polygon Global Opportunities Master Fund ⁽³⁵⁾		99,565	99,565	*	99,565		*
Promutual ⁽⁵⁾		30,195	30,195	*	30,195		*
Quest Global Convertible Master Fund LTD ⁽³¹⁾		36,205	36,205	*	36,205		*
Rampart Enhanced Convertible Investors, LLC ⁽³⁶⁾		8,073	8,073	*	8,073		*
RBC Capital Markets ⁽³⁷⁾		108,616	108,616	*	108,616		*
Rhythm Fund, Ltd. ⁽²⁸⁾		57,928	57,928	*	57,928		*
San Diego City Retirement ⁽⁸⁾		68,971	68,971	*	68,971		*
San Diego County Convertible ⁽⁸⁾		60,644	60,644	*	60,644		*
San Francisco Public Employees Retirement System ⁽⁵⁾		47,284	47,284	*	47,284		*
Silvercreek L.P. ⁽³⁸⁾		224,474	224,474	*	224,474		*
Steelhead Pathfinder Fund L.P. ⁽³⁹⁾		54,308	54,308	*	54,308		*

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Name ⁽¹⁾	Shares of Common Stock Beneficially Owned Prior to the Exchange	Maximum Number of Shares of Common Stock Issuable Upon Exchange of Outstanding Debentures ⁽²⁾	Shares of Common Stock Beneficially Owned Following the Exchange		Number of Shares of Common Stock Offered ⁽⁴⁾	Common Stock Beneficially Owned after Resale	
			Shares	Percent ⁽³⁾		Shares	Percent
Suttonbrook Capital Portfolio, L.P. ⁽⁴⁰⁾		1,112,199	1,112,199	1.80%	1,112,199		*
TQA Master Fund, Ltd. ⁽³⁰⁾		94,713	94,713	*	94,713		*
TQA Master Plus Fund, Ltd. ⁽³⁰⁾		43,157	43,157	*	43,157		*
Trustmark ⁽⁵⁾		10,463	10,463	*	10,463		*
Van Kampen Harbor Fund ⁽⁴¹⁾		23,533	23,533	*	23,533		*
Vicis Capital Master Fund ⁽⁴²⁾		117,668	117,668	*	117,668		*
Worldwide Transactions Ltd. ⁽⁶⁾		14,482	14,482	*	14,482		*
Wyoming State Treasurer ⁽⁸⁾		46,886	46,886	*	46,886		*
Zerbst 2003 Family Trust ⁽⁴³⁾		2,862	2,862	*	2,862		*
Zurich Institutional Benchmarks Master Fund, Ltd. ⁽³⁰⁾		22,013	22,013	*	22,013		*
Total	15,600	6,245,466	6,261,066	9.33%	6,245,466	15,600	*

* Less than one percent of the outstanding shares of common stock.

- (1) Additional selling securityholders not named in this prospectus will not be able to use this prospectus for resales until they are named in the selling securityholder table by prospectus supplement or post-effective amendment.
- (2) The maximum aggregate number of shares of common stock that may be sold under this prospectus will not exceed 6,245,466.
- (3) Calculated based on Rule 13d-3(d)(1)(i) under the Exchange Act using 60,692,858 shares of common stock outstanding as of March 31, 2007. In calculating this percentage for a particular holder, we treated as outstanding the number of shares of common stock held by that particular holder and excluded the number of shares of common stock held by any other holder.
- (4) Assumes that all of the shares of common stock have been sold by the selling securityholders. Based upon this assumption, no selling securityholder will beneficially own greater than one percent of our common stock after completion of the offering.
- (5) Tracy Maitland has the power to direct the voting and disposition of the securities held by 1976 Distribution Trust FBO A.R. Lauder, 2000 Revocable Trust FBO A.R. Lauder, Alcon Laboratories, Arlington County Employees Retirement System, British Virgin Islands Social Security Board, City University of New York, Grable Foundation, Grady Hospital, Independence Blue Cross, New Orleans Firefighters, Occidental Petroleum, Police & Firefighters of the City of Detroit, Promutual, San Francisco Public Employees Retirement System, and Trustmark.
- (6) Michael S. Rosen and William D. Fertig share the power to direct the voting and disposition of the securities held by AHFP Context, Altma Fund Sicav plc in respect of the Grafton Sub Fund, Casam Context Offshore Advantage Fund Limited, Context Advantage Maser Fund L.P., Finch Tactical Plus Class B, Institutional Benchmarks Series (Master Feeder) Limited in Respect of Alcor Series, Institutional Benchmarks Series (Master Feeder) Limited in Respect of the Grafton Sub Fund, Lyxor/Context Fund LTD, and Worldwide Transactions, Ltd.
- (7) Amaranth Advisors LLC, the Trading Advisor for Amaranth LLC, exercises dispositive powers with respect to the Notes, and voting and/or dispositive power with respect to the common stock underlying the Notes. Amaranth Advisors LLC has designated authorized signatories who will sign on behalf of Amaranth LLC. Nicholas M. Maounis is the managing member of Amaranth Advisors LLC.
- (8) Nicholas-Applegate Capital Management LLC (Nicholas-Applegate) is an investment company registered under the Investment Company Act of 1940. Nicholas-Applegate is an affiliate of Nicholas-Applegate Securities LLC, a limited purpose broker-dealer registered with the NASD effective April 1993. Nicholas-Applegate Securities LLC was organized in December 1992 for the sole purpose of distributing mutual funds sponsored by Nicholas-Applegate. This selling security holder has delegated full investment authority to Nicholas-Applegate, as investment advisor, over these securities, including full dispositive power. The Chief Investment Officer of Nicholas-Applegate is Horacio A. Valeiras, CFA.
- (9) Basso Capital Management, L.P. (Basso) is the Investment Manager to Basso Fund Ltd., Basso Holdings Ltd., Basso Multi-Strategy Holding Fund Ltd., and Five Sticks, L.P. (collectively, the Basso Fund). Howard Fischer is a managing member of Basso GP LLC, the General Partner of Basso. Mr. Fischer has the ultimate responsibility for trading with respect to the Fund. Mr. Fischer disclaims ultimate beneficial ownership of the shares.
- (10) Clint D. Carlson has the power to direct the voting and disposition of the securities held by Black Diamond Convertible Offshore LDC, Black Diamond Offshore Ltd., and Double Black Diamond Offshore LDC.
- (11) BMO Nesbitt Burns, Inc. is a subsidiary of The Bank of Montreal, a publicly held entity.
- (12) CB Richard Ellis Group, Inc., a publicly held entity, has the power to direct the voting and disposition of the securities held by CB Richard Ellis Investors, LLC.

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- (13) Cincinnati Insurance Company is a subsidiary of Cincinnati Financial Corporation, a publicly held entity.
- (14) Citigroup Global Markets, Inc. is a subsidiary of Citigroup, Inc., a publicly held entity.
- (15) CNH Partners, LLC is Investment Advisor of the Selling Security Holder and has sole voting and dispositive power over the securities. Investment principals for the Investment Advisor are Robert Krail, Mark Mitchell, and Todd Pulvino.
- (16) Yanfang (Emma) Yan, Director and Senior Portfolio Manager, has the power to direct the voting and disposition of the securities held by Columbia Convertible Securities Fund, and Convertible Securities Fund.
- (17) Continental Assurance Company on Behalf of Its Separate Account (E) is a subsidiary of CNA Financial and Loews Corporation, both publicly held entities.
- (18) Alan Smith, Blair Gauld, Denis Hunter, Karla Bodden, and Tim Rogers share the power to direct the voting and disposition of the securities held by CQS Convertible and Quantitative Strategies Master Fund.
- (19) Palisade Capital Management, LLC is the investment adviser of Daimler Chrysler Corp. Emp. #1 Pension Plan dated 4/1/89, FPL Group Employee Pension Plan, and Franklin and Marshall College. Jack Feiler, Chief Investment Officer of Palisade Capital Management, LLC, has the power to direct the voting and disposition of the securities held by Daimler Chrysler Corp. Emp. #1 Pension Plan dated 4/1/89, FPL Group Employee Pension Plan, and Franklin and Marshall College.
- (20) D.E. Shaw & Co. L.P. is the managing member and investment adviser of D.E. Shaw Valence Portfolios, L.L.C. and has voting control and investment discretion over the securities held by D.E. Shaw Valence Portfolios, L.L.C. Julius Gaudio, Eric Wepsic and Anne Dinning of D.E. Shaw & Co. L.P., or their designees, have the power to direct the voting and disposition of the securities held by D.E. Shaw Valence Portfolios, L.L.C. on D.E. Shaw & Co. L.P.'s behalf.
- (21) Ellington Management Group, LLC is the investment adviser of Ellington Overseas Partners, LTD. Michael Vranos, principal of Ellington Management Group, LLC, has voting control and investment discretion over the securities held by Ellington Overseas Partners, LTD. Mr. Vranos disclaims beneficial ownership over the securities held by Ellington Overseas Partners, LTD except to the extent of any indirect ownership interest he may have in such securities through his economic participation in Ellington Overseas Partners, LTD.
- (22) Ann Houlihan has the power to direct the voting and disposition of the securities held by Froleys Revy Alternative Strategies.
- (23) John Murphy, managing director of Guardian Life Insurance Company of America has the power to direct the voting and disposition of the securities held by Guardian Pension Trust.
- (24) Steven A. Soloria has the power to direct the voting and disposition of the securities held by the Harry M. & Violet Turner Charitable Trust.
- (25) HBK Investments L.P. has voting control and investment discretion over the securities held by HBK Master Fund L.P. pursuant to an Investment Management Agreement between HBK Investments L.P. and HBK Master Fund L.P. Kenneth M. Hirsh, Laurence H. Lebowitz, William E. Rose, David C. Haley and Jamiel A. Akhtar have the power to direct the voting and disposition of the securities held by HBK Master Fund L.P.
- (26) Highbridge Capital Management, LLC is the trading manager of Highbridge International LLC and has the power to direct the voting and disposition of the securities held by Highbridge International LLC. Glenn Dubin and Henry Swieca control Highbridge Capital Management, LLC and having voting control and investment discretion over the securities held by Highbridge International LLC. Each of Highbridge Capital Management, LLC, Glenn Dubin and Henry Swieca disclaims beneficial ownership of the securities held by Highbridge International LLC.
- (27) JMG Capital Management, LLC is the general partner and investment adviser of JMG Capital Partners, L.P. and has the power to direct the voting and disposition of the securities held by JMG Capital Partners, L.P. The equity interests of JMG Capital Management, LLC are owned by JMG Capital Management, Inc. and Asset Alliance Holding Corp. Jonathan M. Glaser, the executive officer and director of JMG Capital Management, Inc. has sole investment discretion over JMG Capital Partners, L.P.'s portfolio holdings.
- (28) Carlo Georg, Chief Investment Officer of KBC Alternative Investment Management Limited, has the power to direct the voting and disposition of the securities held by KBC Convertibles MAC28 Limited, KBC Diversified Fund, a Segregated Portfolio of KBC Diversified Fund, SPC, and Rhythm Fund, Ltd.
- (29) KBC Financial Products USA Inc. is a direct wholly-owned subsidiary of KBC Financial Holdings, Inc., which in turn is a direct wholly-owned subsidiary of KBC Bank N.V. KBC Bank N.V. is a direct wholly-owned subsidiary of KBC Group N.V., a publicly traded entity.
- (30) TQA Investors LLC has sole investment power and shared voting power over the securities held by LDG Limited, TQA Master Fund, Ltd., TQA Master Plus Fund, Ltd., and Zurich Institutional Benchmarks Master Fund, Ltd. John Idone, Paul Bucci, Darren Langis and Andrew Anderson are members of TQA Investors LLC.
- (31) Quest Investment Management, LLC has the power to direct the voting and disposition of the securities held by Lyxor Quest Fund LTD, and Quest Global Convertible Master Fund LTD. The managers with investment authority of Quest Investment Management, LLC are Frank Campana and James Doolin.
- (32) Tim Reilly has the power to direct the voting and disposition of the securities held by Merrill Lynch, Pierce, Fenner and Smith.
- (33) Eric Hage and Daniel Hage share the power to direct the voting and disposition of the securities held by Mohican VCA Master Fund, Ltd.
- (34) Morgan Stanley Convertible Securities Trust is an investment company, subject to the Investment Company Act of 1940.
- (35) Polygon Investment Partners LP and Polygon Investment Partners LP (the Investment Managers), Polygon Investment Ltd. (the Manager), Alexander E. Jackson, Reade E. Griffith and Patrick G. Dear share voting and dispositive power of the securities held by Polygon Global Opportunities Master Fund. The Investment Managers, the Manager, Alexander E. Griffith, Reade E. Griffith and Patrick G. Dear disclaim beneficial ownership of the securities held by Polygon Global Opportunities Master Fund.

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- (36) Jack Feiler, Chief Investment Officer of Palisade Capital management, LLC, acts as the Investment Advisor with the power to direct the voting and disposition of the securities held by Rampart Enhanced Convertible Investors, LLC.
- (37) RBC Capital Markets is an investment company, subject to the Investment Company Act of 1940.
- (38) Louise Morwick, President of Silvercreek Management, Inc., and Bryn Joynt, Vice-President of Silvercreek Management, Inc., share the power to direct the voting and disposition of the securities held by Silvercreek L.P.
- (39) Michael Johnson and Brian K. Klein, Managing Members of Steelhead Partners LLC (the General Partner of Steelhead Pathfinder Fund LP), share the power to direct the voting and disposition of the securities held by Steelhead Pathfinder L.P.
- (40) Suttonbrook Capital Management L.P. is the investment manager of Suttonbrook Capital Portfolio L.P. John London and Steve Weinstein are the natural persons with control over Suttonbrook Capital Management L.P.
- (41) Van Kampen Asset Management, as the selling security holder's investment advisor, has discretionary authority to direct the voting and disposition of the securities held by Van Kampen Harbor Fund, an investment company, subject to the Investment Company Act of 1940.
- (42) Shad Stastney, John Succo, and Sky Lucas share the power to direct the voting and disposition of the securities held by Vicis Capital Master Fund.
- (43) Robert H. Zerbst, as Trustee, has the power to direct the voting and disposition of the securities held by Zerbst 2003 Family Trust.

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DESCRIPTION OF SECURITIES

The following summary of the terms of our capital stock does not purport to be complete and is subject to and qualified in its entirety by reference to our charter documents and bylaws, copies of which have previously been filed with the SEC. See Available Information in this prospectus.

General

Our charter provides that we may issue up to 100 million shares of our common stock, \$0.01 par value per share, and 20 million shares of preferred stock, \$0.01 par value per share. Our charter authorizes our board of directors to increase or decrease the aggregate number of authorized shares or the number of shares of any class or series without stockholder approval. As of March 31, 2006, 60,692,858 shares of our common stock, 4,140,000 shares of our series A preferred stock, 2,530,000 shares of our series B preferred stock and zero shares of our series C preferred stock were issued and outstanding. On April 10, 2007 we issued 7,000,000 shares of our series C preferred stock. The 60,692,858 shares of our common stock excludes:

7,229,047 shares of common stock which we may issue in exchange for the common limited partnership units of our operating partnership, or common units, which may be tendered for redemption to our operating partnership from time to time;

783,846 shares of common stock reserved for issuance upon exercise of stock options outstanding as of December 31, 2006; and

2,812,773 shares of common stock for which the long-term incentive units and class C profits interest units of our operating partnership outstanding as of December 31, 2006 may ultimately be exchanged.

Under Maryland law, stockholders generally are not liable for the corporation's debts or obligations.

Common Stock

All outstanding shares of our common stock are duly authorized, fully paid and nonassessable. Subject to the preferential rights of any other class or series of stock and to the provisions of our charter regarding the restrictions on transfer of stock, holders of shares of our common stock are entitled to receive dividends on such stock if, as and when authorized by our board of directors out of assets legally available therefor and declared by us and to share ratably in our assets legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up after payment or establishment of reserves for all of our debts and liabilities.

Subject to the provisions of our charter regarding the restrictions on transfer of stock and except as may be otherwise specified therein with respect to any class or series of common stock, each outstanding share of our common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors and, except as provided with respect to any other class or series of stock, the holders of such shares will possess the exclusive voting power. There is no cumulative voting in the election of our board of directors, which means that the holders of a majority of the outstanding shares of our common stock can elect all of the directors then standing for election and the holders of the remaining shares will not be able to elect any directors.

Holders of shares of our common stock have no preference, conversion, exchange, sinking fund, redemption or appraisal rights and have no preemptive rights to subscribe for any of our securities. Subject to the provisions of our charter regarding the restrictions on transfer of stock, shares of our common stock will have equal dividend, liquidation and other rights.

Under the Maryland General Corporation Law, or MGCL, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange or engage

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in similar transactions outside the ordinary course of business unless the action is approved by the affirmative vote of stockholders holding at least two-thirds of the shares entitled to vote on the matter unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is set forth in the corporation's charter. Except for certain charter amendments relating to the removal of directors, our charter provides that these actions may be taken if declared advisable by a majority of our board of directors and approved by the vote of a majority of the votes entitled to be cast on the matter. However, Maryland law permits a corporation to transfer all or substantially all of its assets without the approval of the stockholders of the corporation to one or more persons if all of the equity interests of the person or persons are owned, directly or indirectly, by the corporation. In addition, because operating assets may be held by a corporation's subsidiaries, as in our situation, these subsidiaries may be able to transfer all or substantially all of such assets without a vote of our stockholders.

Our charter authorizes our board of directors to reclassify any unissued shares of our common stock into other classes or series of stock and to establish the number of shares in each class or series and to set the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption for each such class or series.

Preferred Stock

Our charter authorizes our board of directors to classify any unissued shares of preferred stock and to reclassify any previously classified but unissued shares of any series. Prior to issuance of shares of each series, our board of directors is required by the MGCL and our charter to set, subject to the provisions of our charter regarding the restrictions on transfers of stock, the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each such series. Thus, our board of directors could authorize the issuance of shares of preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control of our company that might involve a premium price for holders of our common stock or otherwise be in their best interest.

8.50% Series A Cumulative Redeemable Preferred Stock

We currently have outstanding 4,140,000 shares of our 8.50% series A cumulative redeemable preferred stock, or series A preferred stock. Dividends are cumulative on our series A preferred stock from the date of original issuance in the amount of approximately \$2.125 per share each year, which is equivalent to 8.50% of the \$25.00 liquidation preference per share. Dividends on our series A preferred stock are payable quarterly in arrears. Our series A preferred stock does not have a stated maturity date and is not subject to any sinking fund or mandatory redemption provisions. Upon liquidation, dissolution or winding up, our series A preferred stock will rank senior to our common stock with respect to the payment of distributions and other amounts. We are not allowed to redeem our series A preferred stock before February 9, 2010, except in limited circumstances to preserve our status as a REIT. On or after February 9, 2010, we may, at our option, redeem our series A preferred stock, in whole or in part, at any time or from time to time, for cash at a redemption price of \$25.00 per share, plus all accrued and unpaid dividends on such series A preferred stock up to but excluding the redemption date. Holders of our series A preferred stock generally have no voting rights except for limited voting rights if we fail to pay dividends for six or more quarterly periods (whether or not consecutive) and in certain other circumstances. Our series A preferred stock is not convertible into or exchangeable for any of our other property or securities.

7.875% Series B Cumulative Redeemable Preferred Stock

We currently have outstanding 2,530,000 shares of our 7.875% series B cumulative redeemable preferred stock, or series B preferred stock. Dividends are cumulative on our series B preferred stock from the date of original issuance in the amount of \$1.96875 per share each year, which is equivalent to 7.875% of the \$25.00

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liquidation preference per share. Dividends on our series B preferred stock are payable quarterly in arrears. Our series B preferred stock does not have a stated maturity date and is not subject to any sinking fund or mandatory redemption provisions. Upon liquidation, dissolution or winding up, our series B preferred stock will rank senior to our common stock with respect to the payment of distributions and other amounts. We are not allowed to redeem our series B preferred stock before July 26, 2010, except in limited circumstances to preserve our status as a REIT. On or after July 26, 2010, we may, at our option, redeem our series B preferred stock, in whole or in part, at any time or from time to time, for cash at a redemption price of \$25.00 per share, plus all accrued and unpaid dividends on such series B preferred stock up to but excluding the redemption date. Holders of our series B preferred stock generally have no voting rights except for limited voting rights if we fail to pay dividends for six or more quarterly periods (whether or not consecutive) and in certain other circumstances. Our series B preferred stock is not convertible into or exchangeable for any of our other property or securities.

4.375% Series C Cumulative Convertible Preferred Stock

We currently have outstanding 7,000,000 shares of our 4.375% series C cumulative convertible preferred stock, or series C preferred stock. Dividends are cumulative on our series C preferred stock from the date of original issuance in the amount of \$1.09375 per share each year, which is equivalent to 4.375% of the \$25 liquidation preference per share. Dividends of our series C preferred stock are payable quarterly in arrears. Our series C preferred stock does not have a maturity date and is not subject to any sinking fund or mandatory redemption provisions. Upon liquidation, dissolution or winding up, our series C preferred stock will rank senior to our common stock with respect to the payment of distributions and other amounts. We are not allowed to redeem our series C preferred stock except in limited circumstances to preserve our status as a REIT. However, on and after April 10, 2012, we may have the right to require holders of our series C preferred stock to convert their shares of series C preferred stock into shares of our common stock as described below. Holders of our series C preferred stock generally have no voting rights except for limited voting rights if we fail to pay dividends for six or more quarterly periods (whether or not consecutive) and in certain other circumstances.

Holders of our series C preferred stock may convert some or all of their outstanding shares of series C preferred stock initially at a conversion rate of 0.5164 shares of common stock per \$25.00 liquidation preference, which is equivalent to an initial conversion price of approximately \$48.41 per share of common stock (subject to adjustment in certain events). Except in limited circumstances, shares of our series C preferred stock will be convertible only into shares of our common stock. On or after April 10, 2012, we may, at our option, convert some or all of our series C preferred stock into that number of shares of common stock that are issuable at the then-applicable conversion rate. We may exercise this conversion option only if (1) the closing sale price per share of our common stock equals or exceeds 130% of the then-applicable conversion price of our series C preferred stock for at least 20 trading days in a period of 30 consecutive trading days (including the last trading day of such period) ending on the trading day immediately prior to our issuance of a press release announcing the exercise of our conversion option; and (2) on or prior to the effective date of our conversion option, we have either declared and paid, or declared and set apart for payment, any unpaid dividends that are in arrears on our series C preferred stock.

If holders of our series C preferred stock exercise their conversion rights, upon delivery of the shares of series C preferred stock for conversion, those shares of series C preferred stock will cease to cumulate dividends and holders of shares of our series C preferred stock will not receive any cash payment representing accrued and unpaid dividends on such shares, except in those limited circumstances discussed below. Except as provided below, we will make no payment for accrued and unpaid dividends, whether or not in arrears, on shares of our series C preferred stock converted at the election of holders of such shares. If we convert shares of our series C preferred stock pursuant to our conversion option, on or prior to the effective date of our conversion option, we must first declare and pay, or declare and set apart for payment, all unpaid dividends that are in arrears on our series C preferred stock. The conversion rate is subject to adjustment upon the occurrence of certain events, including if we distribute to holders of outstanding shares of our common stock quarterly cash dividends (subject to adjustment) in excess of \$0.28625 per share of our common stock.

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If holders of our series C preferred stock elect to convert their shares of our series C preferred stock in connection with a fundamental change that occurs on or prior to April 10, 2014, we will increase the conversion rate for shares of our series C preferred stock surrendered for conversion by a number of additional shares determined based on the stock price at the time of such fundamental change and the effective date of such fundamental change. On or prior to April 10, 2014, in the event of a fundamental change when the applicable price of our common stock is less than \$40.34 per share, then holders of our series C preferred stock will have a special right to convert some or all of their series C preferred stock on the fundamental change conversion date into a number shares of our common stock per \$25.00 liquidation preference equal to such liquidation preference, plus an amount equal to accrued and unpaid dividends to, but not including, the fundamental change conversion date, divided by 98% of the market price of our common stock. In the event that holders of our series C preferred stock exercise that special conversion right, we have the right to repurchase for cash all or any part of their series C preferred stock as to which the conversion right was exercised at a repurchase price equal to 100% of the liquidation preference of the series C preferred stock to be repurchased plus an amount equal to accrued and unpaid dividends to, but not including, the fundamental change conversion date. If we elect to exercise our repurchase right, holders of our series C preferred stock will not have the special conversion right described in this paragraph.

Power to Increase Authorized Stock and Issue Additional Shares of our Common Stock and Preferred Stock

We believe that the power of our board of directors to increase or decrease the number of authorized shares of common stock and preferred stock, issue additional authorized but unissued shares of our common stock or preferred stock and to classify or reclassify unissued shares of our common stock or preferred stock and thereafter to cause us to issue such classified or reclassified shares of stock provides our board of directors with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs which might arise. Subject to the limited rights of the holders of our series A preferred stock, our series B preferred stock, our series C preferred stock and each other parity class or series of preferred stock, voting as a single class, to approve certain issuances of senior classes or series of stock, the additional classes or series, as well as the common stock, will be available for issuance without further action by our stockholders, unless stockholder consent is required by the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. Although our board of directors does not intend to do so, it could authorize us to issue a class or series that could, depending upon the terms of the particular class or series, delay, defer or prevent a transaction or a change in control of our company that might involve a premium price for holders of our common stock or otherwise be in their best interest.

Restrictions on Ownership and Transfer

In order for us to qualify as a REIT under the Code, our stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months (other than the first year for which an election to be a REIT has been made) or during a proportionate part of a shorter taxable year. Also, not more than 50% of the value of the outstanding shares of stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities such as private foundations) during the last half of a taxable year (other than the first year for which an election to be a REIT has been made).

Our charter contains restrictions on the ownership and transfer of our common stock, preferred stock and capital stock. Our charter provides that, subject to the exceptions described below, no person or entity may beneficially own, or be deemed to own by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% (by value or by number of shares, whichever is more restrictive) of our outstanding shares of common stock or of any series of preferred stock, or more than 9.8% of the value of our outstanding capital stock. We refer to these restrictions as the common stock ownership limit, the preferred stock ownership limit and the aggregate stock ownership limit, respectively. A person or entity that becomes subject to one of the ownership limits by virtue of a violative transfer that results in a transfer to a trust, as set forth below, is

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referred to as a purported beneficial transferee if, had the violative transfer been effective, the person or entity would have been a record owner and beneficial owner or solely a beneficial owner of our common stock, any series of preferred stock, or capital stock, as applicable, or is referred to as a purported record transferee if, had the violative transfer been effective, the person or entity would have been solely a record owner of our common stock, any series of preferred stock, or capital stock, as applicable.

The constructive ownership rules under the Code are complex and may cause stock owned actually or constructively by a group of related individuals and/or entities to be owned constructively by one individual or entity. As a result, the acquisition of less than 9.8% of our common stock or any series of preferred stock or less than 9.8% of the value of our outstanding capital stock (or the acquisition of an interest in an entity that owns, actually or constructively, our capital stock) by an individual or entity could, nevertheless, cause that individual or entity, or another individual or entity, to own constructively more than 9.8% of our outstanding common stock or a series of preferred stock or capital stock, as applicable, and thereby subject such stock to the applicable ownership limit.

Our board of directors may, in its sole discretion, waive one or more of the ownership limits with respect to a particular stockholder if it:

determines that such ownership will not cause any individual's beneficial ownership of shares of our capital stock to violate the aggregate stock ownership limit and that any exemption from the applicable ownership limit will not jeopardize