

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

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**FORM 10-Q**

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**Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended June 30, 2015

**Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the Transition Period From                      to                      .

Commission file number 001-32336 (Digital Realty Trust, Inc.)  
000-54023 (Digital Realty Trust, L.P.)

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**DIGITAL REALTY TRUST, INC.  
DIGITAL REALTY TRUST, L.P.**

(Exact name of registrant as specified in its charter)

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Maryland (Digital Realty Trust, Inc.)  
Maryland (Digital Realty Trust, L.P.)

(State or other jurisdiction of  
incorporation or organization)

Four Embarcadero Center, Suite 3200  
San Francisco, CA

(Address of principal executive offices)

26-0081711

20-2402955

(IRS employer  
identification number)

94111

(Zip Code)

(415) 738-6500

(Registrant's telephone number, including area code)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Digital Realty Trust, Inc.	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Digital Realty Trust, L.P.	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Digital Realty Trust, Inc.	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Digital Realty Trust, L.P.	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Digital Realty Trust, Inc.:

Large accelerated filer	x	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

Digital Realty Trust, L.P.:

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	x (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Digital Realty Trust, Inc.

Yes  No

Digital Realty Trust, L.P.

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Digital Realty Trust, Inc.:

Class	Outstanding at July 31, 2015
Common Stock, \$.01 par value per share	135,833,978

## EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarter ended June 30, 2015 of Digital Realty Trust, Inc., a Maryland corporation, and Digital Realty Trust, L.P., a Maryland limited partnership, of which Digital Realty Trust, Inc. is the sole general partner. Unless otherwise indicated or unless the context requires otherwise, all references in this report to “we,” “us,” “our,” “our company” or “the company” refer to Digital Realty Trust, Inc. together with its consolidated subsidiaries, including Digital Realty Trust, L.P. Unless otherwise indicated or unless the context requires otherwise, all references to “our operating partnership” or “the operating partnership” refer to Digital Realty Trust, L.P. together with its consolidated subsidiaries.

Digital Realty Trust, Inc. is a real estate investment trust, or REIT, and the sole general partner of Digital Realty Trust, L.P. As of June 30, 2015, Digital Realty Trust, Inc. owned an approximate 97.9% common general partnership interest in Digital Realty Trust, L.P. The remaining approximate 2.1% common limited partnership interests are owned by non-affiliated investors and certain directors and officers of Digital Realty Trust, Inc. As of June 30, 2015, Digital Realty Trust, Inc. owned all of the preferred limited partnership interests of Digital Realty Trust, L.P. As the sole general partner of Digital Realty Trust, L.P., Digital Realty Trust, Inc. has the full, exclusive and complete responsibility for the operating partnership’s day-to-day management and control.

We believe combining the quarterly reports on Form 10-Q of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. into this single report results in the following benefits:

- enhancing investors’ understanding of our company and our operating partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- eliminating duplicative disclosure and providing a more streamlined and readable presentation since a substantial portion of the disclosure applies to both our company and our operating partnership; and
- creating time and cost efficiencies through the preparation of one combined report instead of two separate reports.

There are a few differences between our company and our operating partnership, which are reflected in the disclosure in this report. We believe it is important to understand the differences between our company and our operating partnership in the context of how we operate as an interrelated consolidated company. Digital Realty Trust, Inc. is a REIT, whose only material asset is its ownership of partnership interests of Digital Realty Trust, L.P. As a result, Digital Realty Trust, Inc. generally does not conduct business itself, other than acting as the sole general partner of Digital Realty Trust, L.P., issuing public securities from time to time and guaranteeing certain unsecured debt of Digital Realty Trust, L.P. and certain of its subsidiaries. Digital Realty Trust, Inc. itself has not issued any indebtedness but guarantees the unsecured debt of Digital Realty Trust, L.P. and certain of its subsidiaries, as disclosed in this report. Digital Realty Trust, L.P. holds substantially all the assets of the company and holds the ownership interests in the company’s joint ventures. Digital Realty Trust, L.P. conducts the operations of the business and is structured as a partnership with no publicly traded equity. Except for net proceeds from public equity issuances by Digital Realty Trust, Inc., which are generally contributed to Digital Realty Trust, L.P. in exchange for partnership units, Digital Realty Trust, L.P. generates the capital required by the company’s business primarily through Digital Realty Trust, L.P.’s operations, by Digital Realty Trust, L.P.’s direct or indirect incurrence of indebtedness or through the issuance of partnership units.

The presentation of noncontrolling interests in operating partnership, stockholders’ equity and partners’ capital are the main areas of difference between the condensed consolidated financial statements of Digital Realty Trust, Inc. and those of Digital Realty Trust, L.P. The common limited partnership interests held by the limited partners in Digital Realty Trust, L.P. are presented as limited partners’ capital within partners’ capital in Digital Realty Trust, L.P.’s condensed consolidated financial statements and as noncontrolling interests in operating partnership within equity in Digital Realty Trust, Inc.’s condensed consolidated financial statements. The common and preferred partnership interests held by Digital Realty Trust, Inc. in Digital Realty Trust, L.P. are presented as general partner’s capital within partners’ capital in Digital Realty Trust, L.P.’s condensed consolidated financial statements and as preferred stock, common stock, additional paid-in capital and accumulated dividends in excess of earnings within stockholders’ equity in Digital Realty Trust, Inc.’s condensed consolidated financial statements. The differences in the presentations between stockholders’ equity and partners’ capital result from the differences in the equity issued at the Digital Realty Trust, Inc. and the Digital Realty Trust, L.P. levels.

To help investors understand the significant differences between the company and the operating partnership, this report presents the following separate sections for each of the company and the operating partnership:

- Condensed consolidated financial statements;
- the following notes to the condensed consolidated financial statements:
  - "Debt of the Company" and "Debt of the Operating Partnership";
  - "Income per Share" and "Income per Unit"; and
  - "Equity and Accumulated Other Comprehensive Income, Net" and "Capital and Accumulated Other Comprehensive Income";
- Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources"; and
- Part II, Item 2. "Unregistered Sales of Equity Securities and Use of Proceeds".

This report also includes separate Item 4. "Controls and Procedures" sections and separate Exhibit 31 and 32 certifications for each of the company and the operating partnership in order to establish that the Chief Executive Officer and the Chief Financial Officer of each entity during the period covered by this report have made the requisite certifications and that the company and the operating partnership are compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934 and 18 U.S.C. §1350.

In order to highlight the differences between the company and the operating partnership, the separate sections in this report for the company and the operating partnership specifically refer to the company and the operating partnership. In the sections that combine disclosure of the company and the operating partnership, this report refers to actions or holdings as being actions or holdings of the company. Although the operating partnership is generally the entity that enters into contracts and joint ventures and holds assets and debt, reference to the company is appropriate because the business is one enterprise and the company operates the business through the operating partnership.

As general partner with control of the operating partnership, Digital Realty Trust, Inc. consolidates the operating partnership for financial reporting purposes, and it does not have significant assets other than its investment in the operating partnership. Therefore, the assets and liabilities of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. are the same on their respective condensed consolidated financial statements. The separate discussions of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. in this report should be read in conjunction with each other to understand the results of the company on a consolidated basis and how management operates the company.

## DIGITAL REALTY TRUST, INC. AND DIGITAL REALTY TRUST, L.P.

FORM 10-Q  
FOR THE QUARTER ENDED JUNE 30, 2015

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**DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands, except share and per share data)

	June 30, 2015	December 31, 2014
	(unaudited)	
<b>ASSETS</b>		
Investments in real estate:		
Properties:		
Land	\$ 645,918	\$ 671,602
Acquired ground leases	13,225	12,196
Buildings and improvements	8,938,019	8,823,814
Tenant improvements	543,964	475,000
Total investments in properties	10,141,126	9,982,612
Accumulated depreciation and amortization	(2,033,289)	(1,874,054)
Net investments in properties	8,107,837	8,108,558
Investment in unconsolidated joint ventures	103,410	94,729
Net investments in real estate	8,211,247	8,203,287
Cash and cash equivalents	59,152	41,321
Accounts and other receivables, net of allowance for doubtful accounts of \$6,263 and \$6,302 as of June 30, 2015 and December 31, 2014, respectively	126,734	135,931
Deferred rent	467,262	447,643
Acquired above-market leases, net	33,936	38,605
Acquired in-place lease value and deferred leasing costs, net	424,229	456,962
Deferred financing costs, net	30,203	30,821
Restricted cash	9,394	11,555
Assets held for sale	171,990	120,471
Other assets	51,862	40,188
<b>Total assets</b>	<b>\$ 9,586,009</b>	<b>\$ 9,526,784</b>
<b>LIABILITIES AND EQUITY</b>		
Global revolving credit facility	\$ 777,013	\$ 525,951
Unsecured term loan	961,098	976,600
Unsecured senior notes, net of discount	2,856,408	2,791,758
Mortgage loans, including premiums	374,307	378,818
Accounts payable and other accrued liabilities	516,232	605,923
Accrued dividends and distributions	—	115,019
Acquired below-market leases, net	94,312	104,235
Security deposits and prepaid rents	109,005	108,478
Obligations associated with assets held for sale	7,441	5,764
<b>Total liabilities</b>	<b>5,695,816</b>	<b>5,612,546</b>
Commitments and contingencies		
Equity:		
Stockholders' Equity:		
Preferred Stock: \$0.01 par value per share, 70,000,000 shares authorized:		
Series E Cumulative Redeemable Preferred Stock, 7.000%, \$287,500 and \$287,500 liquidation preference, respectively (\$25.00 per share), 11,500,000 and 11,500,000 shares issued and outstanding as of June 30, 2015 and December 31, 2014, respectively	277,172	277,172
Series F Cumulative Redeemable Preferred Stock, 6.625%, \$182,500 and \$182,500 liquidation preference, respectively (\$25.00 per share), 7,300,000 and 7,300,000 shares issued and outstanding as of June 30, 2015 and December 31, 2014, respectively	176,191	176,191
Series G Cumulative Redeemable Preferred Stock, 5.875%, \$250,000 and \$250,000 liquidation preference, respectively (\$25.00 per share), 10,000,000 and 10,000,000 shares issued and outstanding as of June 30, 2015 and December 31, 2014, respectively	241,468	241,468
Series H Cumulative Redeemable Preferred Stock, 7.375%, \$365,000 and \$365,000 liquidation preference, respectively (\$25.00 per share), 14,600,000 and 14,600,000 shares issued and outstanding as of June 30, 2015 and December 31, 2014, respectively	353,290	353,290
Common Stock: \$0.01 par value, 215,000,000 shares authorized, 135,832,492 and 135,626,255 shares issued and outstanding as of June 30, 2015 and December 31, 2014, respectively	1,351	1,349
Additional paid-in capital	3,974,398	3,970,439

Accumulated dividends in excess of earnings	(1,108,701)	(1,096,607)
Accumulated other comprehensive loss, net	(67,324)	(45,046)
Total stockholders' equity	3,847,845	3,878,256
Noncontrolling Interests:		
Noncontrolling interests in operating partnership	35,577	29,191
Noncontrolling interests in consolidated joint ventures	6,771	6,791
Total noncontrolling interests	42,348	35,982
Total equity	3,890,193	3,914,238
Total liabilities and equity	\$ 9,586,009	\$ 9,526,784

See accompanying notes to the condensed consolidated financial statements.

**DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED INCOME STATEMENTS**  
**(unaudited, in thousands, except share and per share data)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
<b>Operating Revenues:</b>				
Rental	\$ 330,676	\$ 313,420	\$ 649,842	\$ 619,206
Tenant reimbursements	87,572	85,687	173,401	169,308
Fee income	1,549	1,466	3,163	2,649
Other	498	873	498	873
Total operating revenues	420,295	401,446	826,904	792,036
<b>Operating Expenses:</b>				
Rental property operating and maintenance	129,539	126,796	254,102	244,692
Property taxes	20,900	20,595	44,163	42,720
Insurance	2,154	1,896	4,309	4,318
Change in fair value of contingent consideration	352	766	(42,682)	(2,637)
Depreciation and amortization	131,524	137,092	260,597	267,712
General and administrative	25,613	20,321	46,807	50,999
Transactions	3,166	755	3,259	836
Other	(6)	772	(22)	936
Total operating expenses	313,242	308,993	570,533	609,576
Operating income	107,053	92,453	256,371	182,460
<b>Other Income (Expenses):</b>				
Equity in earnings of unconsolidated joint ventures	3,383	3,477	8,001	6,058
Gain on sale of property	76,669	15,945	94,489	15,945
Gain on contribution of property to unconsolidated joint venture	—	—	—	1,906
Interest and other income (expense)	(231)	(83)	(2,521)	1,644
Interest expense	(46,114)	(49,146)	(91,580)	(96,520)
Tax expense	(2,615)	(1,021)	(4,290)	(2,859)
Loss from early extinguishment of debt	(148)	(293)	(148)	(585)
Net income	137,997	61,332	260,322	108,049
Net income attributable to noncontrolling interests	(2,486)	(993)	(4,628)	(1,798)
Net income attributable to Digital Realty Trust, Inc.	135,511	60,339	255,694	106,251
Preferred stock dividends	(18,456)	(18,829)	(36,911)	(30,555)
Net income available to common stockholders	\$ 117,055	\$ 41,510	\$ 218,783	\$ 75,696
Net income per share available to common stockholders:				
Basic	\$ 0.86	\$ 0.31	\$ 1.61	\$ 0.58
Diluted	\$ 0.86	\$ 0.31	\$ 1.61	\$ 0.58
Weighted average common shares outstanding:				
Basic	135,810,060	133,802,622	135,757,584	131,183,857
Diluted	136,499,004	133,977,885	136,260,995	131,320,547

See accompanying notes to the condensed consolidated financial statements.

**DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(unaudited, in thousands)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income	\$ 137,997	\$ 61,332	\$ 260,322	\$ 108,049
Other comprehensive income:				
Foreign currency translation adjustments	23,468	4,921	(22,375)	8,740
Increase (decrease) in fair value of interest rate swaps	577	(4,739)	(1,840)	(6,082)
Reclassification to interest expense from interest rate swaps	685	854	1,503	1,700
Comprehensive income	162,727	62,368	237,610	112,407
Comprehensive income attributable to noncontrolling interests	(2,978)	(1,014)	(4,194)	(1,885)
Comprehensive income attributable to Digital Realty Trust, Inc.	<u>\$ 159,749</u>	<u>\$ 61,354</u>	<u>\$ 233,416</u>	<u>\$ 110,522</u>

See accompanying notes to the condensed consolidated financial statements.

**DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENT OF EQUITY**  
(unaudited, in thousands, except share data)

	Preferred Stock	Number of Common Shares	Common Stock	Additional Paid-in Capital	Accumulated Dividends in Excess of Earnings	Accumulated Other Comprehensive Loss, Net	Total Stockholders' Equity	Noncontrolling Interests in Operating Partnership	Noncontrolling Interests in Consolidated Joint Ventures	Total Noncontrolling Interests	Total Equity
<b>Balance as of December 31, 2014</b>	<b>\$1,048,121</b>	<b>135,626,255</b>	<b>\$ 1,349</b>	<b>\$3,970,439</b>	<b>\$ (1,096,607)</b>	<b>\$ (45,046)</b>	<b>\$3,878,256</b>	<b>\$ 29,191</b>	<b>\$ 6,791</b>	<b>\$ 35,982</b>	<b>\$3,914,238</b>
Conversion of units to common stock	—	114,587	2	1,310	—	—	1,312	(1,312)	—	(1,312)	—
Issuance of unvested restricted stock, net of forfeitures	—	79,689	—	—	—	—	—	—	—	—	—
Common stock offering costs	—	—	—	(273)	—	—	(273)	—	—	—	(273)
Exercise of stock options	—	11,961	—	493	—	—	493	—	—	—	493
Amortization of unearned compensation on share-based awards	—	—	—	11,031	—	—	11,031	—	—	—	11,031
Reclassification of vested share-based awards	—	—	—	(8,602)	—	—	(8,602)	8,602	—	8,602	—
Dividends declared and paid on preferred stock	—	—	—	—	(36,911)	—	(36,911)	—	—	—	(36,911)
Dividends and distributions on common stock and common and incentive units	—	—	—	—	(230,877)	—	(230,877)	(4,873)	—	(4,873)	(235,750)
Distributions to noncontrolling interests in consolidated joint ventures, net of contributions	—	—	—	—	—	—	—	—	(245)	(245)	(245)
Net income	—	—	—	—	255,694	—	255,694	4,403	225	4,628	260,322
Other comprehensive income—foreign currency translation adjustments	—	—	—	—	—	(21,947)	(21,947)	(428)	—	(428)	(22,375)
Other comprehensive loss—fair value of interest rate swaps	—	—	—	—	—	(1,804)	(1,804)	(36)	—	(36)	(1,840)
Other comprehensive income—reclassification of accumulated other comprehensive loss to interest expense	—	—	—	—	—	1,473	1,473	30	—	30	1,503
<b>Balance as of June 30, 2015</b>	<b>\$1,048,121</b>	<b>135,832,492</b>	<b>\$ 1,351</b>	<b>\$3,974,398</b>	<b>\$ (1,108,701)</b>	<b>\$ (67,324)</b>	<b>\$3,847,845</b>	<b>\$ 35,577</b>	<b>\$ 6,771</b>	<b>\$ 42,348</b>	<b>\$3,890,193</b>

See accompanying notes to the condensed consolidated financial statements.

**DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(unaudited, in thousands)**

	Six Months Ended June 30,	
	2015	2014
<b>Cash flows from operating activities:</b>		
Net income	\$ 260,322	\$ 108,049
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sale of properties	(94,489)	(15,945)
Gain on contribution of investment property to unconsolidated joint venture	—	(1,906)
Equity in earnings of unconsolidated joint ventures	(8,001)	(6,058)
Change in fair value of accrued contingent consideration	(42,682)	(2,637)
Distributions from unconsolidated joint ventures	6,898	4,603
Write-off of net assets due to early lease terminations	(59)	651
Depreciation and amortization of buildings and improvements, tenant improvements and acquired ground leases	226,767	225,025
Amortization of share-based unearned compensation	7,483	12,640
Allowance for doubtful accounts	(39)	954
Amortization of deferred financing costs	4,285	4,487
Loss on early extinguishment of debt	148	585
Amortization of debt discount/premium	915	864
Amortization of acquired in-place lease value and deferred leasing costs	33,830	42,687
Amortization of acquired above-market leases and acquired below-market leases, net	(4,683)	(5,340)
<b>Changes in assets and liabilities:</b>		
Restricted cash	566	1,922
Accounts and other receivables	4,826	20,583
Deferred rent	(27,868)	(41,283)
Deferred leasing costs	(4,675)	(7,663)
Other assets	(15,429)	(13,328)
Accounts payable and other accrued liabilities	4,344	3,718
Security deposits and prepaid rents	2,692	(17,344)
Net cash provided by operating activities	355,151	315,264
<b>Cash flows from investing activities:</b>		
Acquisitions of real estate	(48,424)	—
Proceeds from sale of properties, net	185,565	37,945
Proceeds from contribution of investment properties to unconsolidated joint ventures	—	11,408
Investment in unconsolidated joint ventures	(7,547)	(20,627)
Investment in equity securities	—	(3)
Receipt of value added tax refund	13,422	4,956
Refundable value added tax paid	(2,771)	(3,816)
Change in restricted cash	1,484	(1,340)
Improvements to and advances for investments in real estate	(380,148)	(431,217)
Improvement advances to tenants	(17,881)	(7,091)
Collection of advances from tenants for improvements	14,441	5,969
Net cash used in investing activities	(241,859)	(403,816)

See accompanying notes to the condensed consolidated financial statements.

**DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)**  
**(unaudited, in thousands)**

	Six Months Ended June 30,	
	2015	2014
<b>Cash flows from financing activities:</b>		
Borrowings on revolving credit facility	\$ 1,291,832	\$ 677,264
Repayments on revolving credit facility	(1,032,798)	(1,033,838)
Principal payments on unsecured notes	(374,927)	—
Repayments on other unsecured loans	(67,000)	—
Borrowings on 3.950% unsecured senior notes due 2022	496,190	—
Borrowings on 4.750% unsecured senior notes due 2023	—	495,872
Principal payments on mortgage loans	(4,440)	(6,349)
Principal repayments on exchangeable senior debentures	—	(5,234)
Earnout payments related to acquisitions	(12,985)	(5,706)
Change in restricted cash	113	51
Payment of loan fees and costs	(3,741)	(5,311)
Capital distributions paid to noncontrolling interests in consolidated joint ventures, net	(245)	(274)
Gross proceeds from the issuance of preferred stock	—	365,000
Common stock offering costs paid	(273)	(93)
Preferred stock offering costs paid	—	(11,622)
Proceeds from exercise of stock options	493	237
Payment of dividends to preferred stockholders	(36,911)	(30,555)
Payment of dividends to common stockholders and distributions to noncontrolling interests in operating partnership	(350,769)	(326,772)
Net cash (used in) provided by financing activities	(95,461)	112,670
Net increase in cash and cash equivalents	17,831	24,118
Cash and cash equivalents at beginning of period	41,321	56,808
Cash and cash equivalents at end of period	\$ 59,152	\$ 80,926

See accompanying notes to the condensed consolidated financial statements.

**DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)**  
**(unaudited, in thousands)**

	Six Months Ended June 30,	
	2015	2014
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ 101,036	\$ 98,240
Cash paid for income taxes	1,785	2,800
<b>Supplementary disclosure of noncash investing and financing activities:</b>		
Change in net assets related to foreign currency translation adjustments	\$ (22,375)	\$ 8,740
(Decrease) increase in accounts payable and other accrued liabilities related to change in fair value of interest rate swaps	(1,840)	(6,082)
Noncontrolling interests in operating partnership redeemed for or converted to shares of common stock	1,312	191
Accrual for additions to investments in real estate and tenant improvement advances included in accounts payable and accrued expenses	134,625	191,148
Accrual for potential earnout contingency	12,443	—
Issuance of common units associated with exchange of exchangeable senior debentures	—	261,166
Note receivable related to sale of property	9,000	—
<b>Allocation of purchase price of real estate/investment in partnership to:</b>		
Investments in real estate	48,424	—
Cash paid for acquisition of real estate	\$ 48,424	\$ —

See accompanying notes to the condensed consolidated financial statements.

**DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands, except unit and per unit data)

	June 30, 2015	December 31, 2014
	(unaudited)	
<b>ASSETS</b>		
Investments in real estate:		
Properties:		
Land	\$ 645,918	\$ 671,602
Acquired ground leases	13,225	12,196
Buildings and improvements	8,938,019	8,823,814
Tenant improvements	543,964	475,000
Total investments in properties	10,141,126	9,982,612
Accumulated depreciation and amortization	(2,033,289)	(1,874,054)
Net investments in properties	8,107,837	8,108,558
Investment in unconsolidated joint ventures	103,410	94,729
Net investments in real estate	8,211,247	8,203,287
Cash and cash equivalents	59,152	41,321
Accounts and other receivables, net of allowance for doubtful accounts of \$6,263 and \$6,302 as of June 30, 2015 and December 31, 2014, respectively	126,734	135,931
Deferred rent	467,262	447,643
Acquired above-market leases, net	33,936	38,605
Acquired in-place lease value and deferred leasing costs, net	424,229	456,962
Deferred financing costs, net	30,203	30,821
Restricted cash	9,394	11,555
Assets held for sale	171,990	120,471
Other assets	51,862	40,188
Total assets	\$ 9,586,009	\$ 9,526,784
<b>LIABILITIES AND CAPITAL</b>		
Global revolving credit facility	\$ 777,013	\$ 525,951
Unsecured term loan	961,098	976,600
Unsecured senior notes, net of discount	2,856,408	2,791,758
Mortgage loans, including premiums	374,307	378,818
Accounts payable and other accrued liabilities	516,232	605,923
Accrued dividends and distributions	—	115,019
Acquired below-market leases, net	94,312	104,235
Security deposits and prepaid rents	109,005	108,478
Obligations associated with assets held for sale	7,441	5,764
Total liabilities	5,695,816	5,612,546
Commitments and contingencies		
Capital:		
Partners' capital:		
General Partner:		
Series E Cumulative Redeemable Preferred Units, 7.000%, \$287,500 and \$287,500 liquidation preference, respectively (\$25.00 per unit), 11,500,000 and 11,500,000 units issued and outstanding as of June 30, 2015 and December 31, 2014, respectively	277,172	277,172
Series F Cumulative Redeemable Preferred Units, 6.625%, \$182,500 and \$182,500 liquidation preference, respectively (\$25.00 per unit), 7,300,000 and 7,300,000 units issued and outstanding as of June 30, 2015 and December 31, 2014, respectively	176,191	176,191
Series G Cumulative Redeemable Preferred Units, 5.875%, \$250,000 and \$250,000 liquidation preference, respectively (\$25.00 per unit), 10,000,000 and 10,000,000 units issued and outstanding as of June 30, 2015 and December 31, 2014, respectively	241,468	241,468
Series H Cumulative Redeemable Preferred Units, 7.375%, \$365,000 and \$365,000 liquidation preference, respectively (\$25.00 per unit), 14,600,000 and 14,600,000 units issued and outstanding as of June 30, 2015 and December 31, 2014, respectively	353,290	353,290
Common units:		
135,832,492 and 135,626,255 units issued and outstanding as of June 30, 2015 and December 31, 2014, respectively	2,867,048	2,875,181
Limited partners, 1,425,314 and 1,463,814 common units, 1,126,429 and 1,170,610 profits interest units and 379,237 and 379,237 class C units outstanding as of June 30, 2015 and December 31, 2014, respectively	39,398	32,578
Accumulated other comprehensive loss	(71,145)	(48,433)

Total partners' capital	3,883,422	3,907,447
Noncontrolling interests in consolidated joint ventures	6,771	6,791
Total capital	3,890,193	3,914,238
Total liabilities and capital	\$ 9,586,009	\$ 9,526,784

See accompanying notes to the condensed consolidated financial statements.

**DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED INCOME STATEMENTS**  
**(unaudited, in thousands, except unit and per unit data)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
<b>Operating Revenues:</b>				
Rental	\$ 330,676	\$ 313,420	\$ 649,842	\$ 619,206
Tenant reimbursements	87,572	85,687	173,401	169,308
Fee income	1,549	1,466	3,163	2,649
Other	498	873	498	873
Total operating revenues	420,295	401,446	826,904	792,036
<b>Operating Expenses:</b>				
Rental property operating and maintenance	129,539	126,796	254,102	244,692
Property taxes	20,900	20,595	44,163	42,720
Insurance	2,154	1,896	4,309	4,318
Change in fair value of contingent consideration	352	766	(42,682)	(2,637)
Depreciation and amortization	131,524	137,092	260,597	267,712
General and administrative	25,613	20,321	46,807	50,999
Transactions	3,166	755	3,259	836
Other	(6)	772	(22)	936
Total operating expenses	313,242	308,993	570,533	609,576
Operating income	107,053	92,453	256,371	182,460
<b>Other Income (Expenses):</b>				
Equity in earnings of unconsolidated joint ventures	3,383	3,477	8,001	6,058
Gain on sale of properties	76,669	15,945	94,489	15,945
Gain on contribution of property to unconsolidated joint venture	—	—	—	1,906
Interest and other income (expense)	(231)	(83)	(2,521)	1,644
Interest expense	(46,114)	(49,146)	(91,580)	(96,520)
Tax expense	(2,615)	(1,021)	(4,290)	(2,859)
Loss from early extinguishment of debt	(148)	(293)	(148)	(585)
Net income	137,997	61,332	260,322	108,049
Net income attributable to noncontrolling interests in consolidated joint ventures	(109)	(120)	(225)	(232)
Net income attributable to Digital Realty Trust, L.P.	137,888	61,212	260,097	107,817
Preferred units distributions	(18,456)	(18,829)	(36,911)	(30,555)
Net income available to common unitholders	\$ 119,432	\$ 42,383	\$ 223,186	\$ 77,262
Net income per unit available to common unitholders:				
Basic	\$ 0.86	\$ 0.31	\$ 1.61	\$ 0.58
Diluted	\$ 0.86	\$ 0.31	\$ 1.61	\$ 0.58
Weighted average common units outstanding:				
Basic	138,567,526	136,615,338	138,487,704	133,894,119
Diluted	139,256,470	136,790,601	138,991,115	134,030,809

See accompanying notes to the condensed consolidated financial statements.

**DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(unaudited, in thousands)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income	\$ 137,997	\$ 61,332	\$ 260,322	\$ 108,049
Other comprehensive income:				
Foreign currency translation adjustments	23,468	4,921	(22,375)	8,740
Decrease in fair value of interest rate swaps	577	(4,739)	(1,840)	(6,082)
Reclassification to interest expense from interest rate swaps	685	854	1,503	1,700
Comprehensive income	\$ 162,727	\$ 62,368	\$ 237,610	\$ 112,407

See accompanying notes to the condensed consolidated financial statements.

**DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CAPITAL**  
(unaudited, in thousands, except unit data)

	General Partner				Limited Partners		Accumulated Other Comprehensive Loss	Noncontrolling Interests in Consolidated Joint Ventures	Total Capital
	Preferred Units		Common Units		Common Units				
	Units	Amount	Units	Amount	Units	Amount			
<b>Balance as of December 31, 2014</b>	<b>43,400,000</b>	<b>\$ 1,048,121</b>	<b>135,626,255</b>	<b>\$2,875,181</b>	<b>3,013,661</b>	<b>\$ 32,578</b>	<b>\$ (48,433)</b>	<b>\$ 6,791</b>	<b>\$3,914,238</b>
Conversion of limited partner common units to general partner common units	—	—	114,587	1,312	(114,587)	(1,312)	—	—	—
Issuance of unvested restricted common units, net of forfeitures	—	—	79,689	—	—	—	—	—	—
Common stock offering costs	—	—	—	(273)	—	—	—	—	(273)
Issuance of common units in connection with the exercise of stock options	—	—	11,961	493	—	—	—	—	493
Issuance of common units, net of forfeitures	—	—	—	—	31,906	—	—	—	—
Amortization of unearned compensation on share-based awards	—	—	—	11,031	—	—	—	—	11,031
Reclassification of vested share-based awards	—	—	—	(8,602)	—	8,602	—	—	—
Distributions	—	(36,911)	—	(230,877)	—	(4,873)	—	—	(272,661)
Distributions to noncontrolling interests in consolidated joint ventures, net of contributions	—	—	—	—	—	—	—	(245)	(245)
Net income	—	36,911	—	218,783	—	4,403	—	225	260,322
Other comprehensive income—foreign currency translation adjustments	—	—	—	—	—	—	(22,375)	—	(22,375)
Other comprehensive loss—fair value of interest rate swaps	—	—	—	—	—	—	(1,840)	—	(1,840)
Other comprehensive income—reclassification of accumulated other comprehensive loss to interest expense	—	—	—	—	—	—	1,503	—	1,503
<b>Balance as of June 30, 2015</b>	<b>43,400,000</b>	<b>\$ 1,048,121</b>	<b>135,832,492</b>	<b>\$2,867,048</b>	<b>2,930,980</b>	<b>\$ 39,398</b>	<b>\$ (71,145)</b>	<b>\$ 6,771</b>	<b>\$3,890,193</b>

See accompanying notes to the condensed consolidated financial statements.

**DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(unaudited, in thousands)

	Six Months Ended June 30,	
	2015	2014
<b>Cash flows from operating activities:</b>		
Net income	\$ 260,322	\$ 108,049
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sale of property	(94,489)	(15,945)
Gain on contribution of investment property to unconsolidated joint venture	—	(1,906)
Equity in earnings of unconsolidated joint ventures	(8,001)	(6,058)
Change in fair value of accrued contingent consideration	(42,682)	(2,637)
Distributions from unconsolidated joint ventures	6,898	4,603
Write-off of net assets due to early lease terminations	(59)	651
Depreciation and amortization of buildings and improvements, tenant improvements and acquired ground leases	226,767	225,025
Amortization of share-based unearned compensation	7,483	12,640
Allowance for doubtful accounts	(39)	954
Amortization of deferred financing costs	4,285	4,487
Loss on early extinguishment of debt	148	585
Amortization of debt discount/premium	915	864
Amortization of acquired in-place lease value and deferred leasing costs	33,830	42,687
Amortization of acquired above-market leases and acquired below-market leases, net	(4,683)	(5,340)
Changes in assets and liabilities:		
Restricted cash	566	1,922
Accounts and other receivables	4,826	20,583
Deferred rent	(27,868)	(41,283)
Deferred leasing costs	(4,675)	(7,663)
Other assets	(15,429)	(13,328)
Accounts payable and other accrued liabilities	4,344	3,718
Security deposits and prepaid rents	2,692	(17,344)
Net cash provided by operating activities	355,151	315,264
<b>Cash flows from investing activities:</b>		
Acquisitions of real estate	(48,424)	—
Proceeds from sale of properties, net	185,565	37,945
Proceeds from contribution of investment properties to unconsolidated joint ventures	—	11,408
Investment in unconsolidated joint ventures	(7,547)	(20,627)
Investment in equity securities	—	(3)
Receipt of value added tax refund	13,422	4,956
Refundable value added tax paid	(2,771)	(3,816)
Change in restricted cash	1,484	(1,340)
Improvements to and advances for investments in real estate	(380,148)	(431,217)
Improvement advances to tenants	(17,881)	(7,091)
Collection of advances from tenants for improvements	14,441	5,969
Net cash used in investing activities	(241,859)	(403,816)

See accompanying notes to the condensed consolidated financial statements.

**DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)**  
**(unaudited, in thousands)**

	Six Months Ended June 30,	
	2015	2014
<b>Cash flows from financing activities:</b>		
Borrowings on revolving credit facility	\$ 1,291,832	\$ 677,264
Repayments on revolving credit facility	(1,032,798)	(1,033,838)
Principal payments on unsecured notes	(374,927)	—
Repayments on other unsecured loans	(67,000)	—
Borrowings on 3.950% unsecured senior notes due 2022	496,190	—
Borrowings on 4.750% unsecured senior notes due 2023	—	495,872
Principal payments on mortgage loans	(4,440)	(6,349)
Principal repayments on exchangeable senior debentures	—	(5,234)
Earnout payments related to acquisitions	(12,985)	(5,706)
Change in restricted cash	113	51
Payment of loan fees and costs	(3,741)	(5,311)
Capital distributions paid to noncontrolling interests in consolidated joint ventures, net	(245)	(274)
General partner contributions, net	220	353,522
Payment of distributions to preferred unitholders	(36,911)	(30,555)
Payment of distributions to common unitholders	(350,769)	(326,772)
Net cash (used in) provided by financing activities	(95,461)	112,670
Net increase in cash and cash equivalents	17,831	24,118
Cash and cash equivalents at beginning of period	41,321	56,808
Cash and cash equivalents at end of period	\$ 59,152	\$ 80,926

See accompanying notes to the condensed consolidated financial statements.

**DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)**  
**(unaudited, in thousands)**

	Six Months Ended June 30,	
	2015	2014
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ 101,036	\$ 98,240
Cash paid for income taxes	1,785	2,800
<b>Supplementary disclosure of noncash investing and financing activities:</b>		
Change in net assets related to foreign currency translation adjustments	(22,375)	8,740
(Decrease) increase in accounts payable and other accrued liabilities related to change in fair value of interest rate swaps	(1,840)	(6,082)
Accrual for additions to investments in real estate and tenant improvement advances included in accounts payable and accrued expenses	134,625	191,148
Accrual for potential earnout contingency	12,443	—
Issuance of common units associated with exchange of exchangeable senior debentures	—	261,166
Note receivable related to sale of property	9,000	—
<b>Allocation of purchase price of real estate/investment in partnership to:</b>		
Investments in real estate	48,424	—
Cash paid for acquisition of real estate	\$ 48,424	\$ —

See accompanying notes to the condensed consolidated financial statements.

**DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES**  
**DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**

## **1. Organization and Description of Business**

Digital Realty Trust, Inc. through its controlling interest in Digital Realty Trust, L.P. (the Operating Partnership) and the subsidiaries of the Operating Partnership (collectively, we, our, us or the Company) is engaged in the business of owning, acquiring, developing and managing technology-related real estate. The Company is focused on providing data center and colocation solutions for domestic and international tenants across a variety of industry verticals ranging from financial services, cloud and information technology services, to manufacturing, energy, healthcare, and consumer products. As of June 30, 2015, our portfolio consisted of 132 properties, including eight properties held for sale, 14 properties held as investments in unconsolidated joint ventures and developable land, of which 103 are located throughout North America, 23 are located in Europe, three are located in Australia and three are located in Asia. We are diversified in major metropolitan areas where corporate data center and technology tenants are concentrated, including the Boston, Chicago, Dallas, Los Angeles, New York Metro, Northern Virginia, Phoenix, San Francisco and Silicon Valley metropolitan areas in the United States, the Amsterdam, Dublin, London and Paris metropolitan areas in Europe and the Singapore, Sydney, Melbourne, Hong Kong and Osaka metropolitan areas in the Asia Pacific region. The portfolio consists of Internet gateway and corporate data center properties, technology manufacturing properties and regional or national offices of technology companies.

The Operating Partnership was formed on July 21, 2004 in anticipation of Digital Realty Trust, Inc.'s initial public offering (IPO) on November 3, 2004 and commenced operations on that date. As of June 30, 2015, Digital Realty Trust, Inc. owns a 97.9% common interest and a 100.0% preferred interest in the Operating Partnership. As sole general partner of the Operating Partnership, Digital Realty Trust, Inc. has the full, exclusive and complete responsibility for the Operating Partnership's day-to-day management and control. The limited partners of the Operating Partnership do not have rights to replace Digital Realty Trust, Inc. as the general partner nor do they have participating rights, although they do have certain protective rights.

## **2. Summary of Significant Accounting Policies**

### ***(a) Principles of Consolidation and Basis of Presentation***

The accompanying interim condensed consolidated financial statements include all of the accounts of Digital Realty Trust, Inc., the Operating Partnership and the subsidiaries of the Operating Partnership. Intercompany balances and transactions have been eliminated.

The accompanying interim condensed consolidated financial statements are unaudited, but have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) for interim financial information and in compliance with the rules and regulations of the United States Securities and Exchange Commission. Accordingly, they do not include all of the disclosures required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments necessary for a fair presentation have been included. All such adjustments are considered to be of a normal recurring nature, except as otherwise indicated. The results of operations for the interim periods are not necessarily indicative of the results to be obtained for the full fiscal year. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto included in our annual report on Form 10-K for the year ended December 31, 2014.

The notes to the condensed consolidated financial statements of Digital Realty Trust, Inc. and the Operating Partnership have been combined to provide the following benefits:

- enhancing investors' understanding of the Company and the Operating Partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- eliminating duplicative disclosure and providing a more streamlined and readable presentation since a substantial portion of the disclosure applies to both the Company and the Operating Partnership; and
- creating time and cost efficiencies through the preparation of one set of notes instead of two separate sets of notes.

There are a few differences between the Company and the Operating Partnership, which are reflected in these condensed consolidated financial statements. We believe it is important to understand the differences between the Company and the Operating Partnership in the context of how we operate as an interrelated consolidated company. Digital Realty Trust, Inc.'s only material asset is its ownership of partnership interests of the Operating Partnership. As a result, Digital Realty Trust, Inc. generally does not conduct business itself, other than acting as the sole general partner of the Operating Partnership, issuing

**DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES**  
**DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**June 30, 2015 and 2014**

public securities from time to time and guaranteeing certain unsecured debt of the Operating Partnership and certain of its subsidiaries. Digital Realty Trust, Inc. itself has not issued any indebtedness but guarantees the unsecured debt of the Operating Partnership and certain of its subsidiaries, as disclosed in these notes.

The Operating Partnership holds substantially all the assets of the Company and holds the ownership interests in the Company's joint ventures. The Operating Partnership conducts the operations of the business and is structured as a partnership with no publicly traded equity. Except for net proceeds from public equity issuances by Digital Realty Trust, Inc., which are generally contributed to the Operating Partnership in exchange for partnership units, the Operating Partnership generates the capital required by the Company's business primarily through the Operating Partnership's operations, by the Operating Partnership's direct or indirect incurrence of indebtedness or through the issuance of partnership units.

The presentation of noncontrolling interests in operating partnership, stockholders' equity and partners' capital are the main areas of difference between the condensed consolidated financial statements of Digital Realty Trust, Inc. and those of the Operating Partnership. The common limited partnership interests held by the limited partners in the Operating Partnership are presented as limited partners' capital within partners' capital in the Operating Partnership's condensed consolidated financial statements and as noncontrolling interests in operating partnership within equity in Digital Realty Trust, Inc.'s condensed consolidated financial statements. The common and preferred partnership interests held by Digital Realty Trust, Inc. in the Operating Partnership are presented as general partner's capital within partners' capital in the Operating Partnership's condensed consolidated financial statements and as preferred stock, common stock, additional paid-in capital and accumulated dividends in excess of earnings within stockholders' equity in Digital Realty Trust, Inc.'s condensed consolidated financial statements. The differences in the presentations between stockholders' equity and partners' capital result from the differences in the equity issued at the Digital Realty Trust, Inc. and the Operating Partnership levels.

To help investors understand the significant differences between the Company and the Operating Partnership, these consolidated financial statements present the following separate sections for each of the Company and the Operating Partnership:

- condensed consolidated face financial statements; and
- the following notes to the condensed consolidated financial statements:
  - "Debt of the Company" and "Debt of the Operating Partnership";
  - "Income per Share" and "Income per Unit"; and
  - "Equity and Accumulated Other Comprehensive Income, Net" and "Capital and Accumulated Other Comprehensive Income".

In the sections that combine disclosure of Digital Realty Trust, Inc. and the Operating Partnership, these notes refer to actions or holdings as being actions or holdings of the Company. Although the Operating Partnership is generally the entity that enters into contracts and joint ventures and holds assets and debt, reference to the Company is appropriate because the business is one enterprise and the Company operates the business through the Operating Partnership.

**(b) Cash Equivalents**

For the purpose of the condensed consolidated statements of cash flows, we consider short-term investments with original maturities of 90 days or less to be cash equivalents. As of June 30, 2015, cash equivalents consist of investments in money market instruments.

**(c) Investment in Unconsolidated Joint Ventures**

The Company's investment in unconsolidated joint ventures is accounted for using the equity method, whereby the investment is increased for capital contributed and our share of the joint ventures' net income and decreased by distributions we receive and our share of any losses of the joint ventures.

We amortize the difference between the cost of our investments in unconsolidated joint ventures and the book value of the underlying equity into equity in earnings from unconsolidated affiliates on a straight-line basis consistent with the lives of the underlying assets.

**DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES**  
**DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**June 30, 2015 and 2014**

**(d) Capitalization of Costs**

Direct and indirect project costs that are clearly associated with the development of properties are capitalized as incurred. Project costs include all costs directly associated with the development of a property, including construction costs, interest, property taxes, insurance, legal fees and costs of personnel working on the project. Indirect costs that do not clearly relate to the projects under development are not capitalized and are charged to expense as incurred.

Capitalization of costs begins when the activities necessary to get the development project ready for its intended use begins, which include costs incurred before the beginning of construction. Capitalization of costs ceases when the development project is substantially complete and ready for its intended use. Determining when a development project commences, and when it is substantially complete and ready for its intended use involves a degree of judgment. We generally consider a development project to be substantially complete and ready for its intended use upon receipt of a certificate of occupancy. If and when development of a property is suspended pursuant to a formal change in the planned use of the property, we will evaluate whether the accumulated costs exceed the estimated value of the project and write off the amount of any such excess accumulated costs. For a development project that is suspended for reasons other than a formal change in the planned use of such property, the accumulated project costs are evaluated for impairment consistent with our impairment policies for long-lived assets. Capitalized costs are allocated to the specific components of a project that are benefited.

During the three months ended June 30, 2015 and 2014, we capitalized interest of approximately \$3.2 million and \$4.9 million, respectively, and \$7.5 million and \$10.2 million during the six months ended June 30, 2015 and 2014, respectively. During the three months ended June 30, 2015 and 2014, we capitalized amounts relating to compensation and other overhead expense of employees direct and incremental to construction and successful leasing activities of approximately \$14.0 million and \$14.1 million, respectively, and \$28.3 million and \$27.9 million during the six months ended June 30, 2015 and 2014, respectively. Capitalized leasing costs of approximately \$26.4 million and \$21.8 million are included in improvements to and advances for investments in real estate in cash flows from investing activities in the condensed consolidated statements of cash flows for the six months ended June 30, 2015 and 2014, respectively.

**(e) Share-Based Compensation**

The Company measures all share-based compensation awards at fair value on the date they are granted to employees and directors, and recognizes compensation cost, net of forfeitures, over the requisite service period for awards with only a service condition. The estimated fair value of the long-term incentive units and Class D Units (discussed in Note 13 "Incentive Plan") granted by us is being amortized on a straight-line basis over the expected service period.

The fair value of share-based compensation awards that contain a market condition is measured using a Monte Carlo simulation method and not adjusted based on actual achievement of the performance goals.

**(f) Income Taxes**

Digital Realty Trust, Inc. has elected to be treated as a real estate investment trust (a "REIT") for federal income tax purposes. As a REIT, Digital Realty Trust, Inc. generally is not required to pay federal corporate income tax to the extent taxable income is currently distributed to its stockholders. If Digital Realty Trust, Inc. fails to qualify as a REIT in any taxable year, it will be subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate tax rates.

The Company is subject to foreign, state and local income taxes in the jurisdictions in which it conducts business. The Company's U.S. consolidated taxable REIT subsidiaries are subject to both federal and state income taxes to the extent there is taxable income. Accordingly, the Company recognizes current and deferred income taxes for its taxable REIT subsidiaries, certain states and non-U.S. jurisdictions, as appropriate.

We assess our significant tax positions in accordance with U.S. GAAP for all open tax years and determine whether we have any material unrecognized liabilities from uncertain tax benefits. If a tax position is not considered "more-likely-than-not" to be sustained solely on its technical merits, no benefits of the tax position are to be recognized (for financial statement purposes). As of June 30, 2015 and December 31, 2014, we have no assets or liabilities for uncertain tax positions. We classify interest and penalties from significant uncertain tax positions as interest expense and operating expense, respectively, in our condensed consolidated income statements. For the three and six months ended June 30, 2015 and 2014, we had no such interest or penalties. The tax year 2011 and thereafter remain open to examination by the major taxing jurisdictions with which the Company files tax returns.

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See Note 10 "Income Taxes" for further discussion on income taxes.

***(g) Presentation of Transactional-based Taxes***

We account for transactional-based taxes, such as value added tax, or VAT, for our international properties on a net basis.

***(h) Fee Income***

Occasionally, customers engage the company for certain services. The nature of these services historically involves property management, construction management, and assistance with financing. The proper revenue recognition of these services can be different, depending on whether the arrangements are service revenue or contractor type revenue.

Service revenues are typically recognized on an equal monthly basis based on the minimum fee to be earned. The monthly amounts could be adjusted depending on if certain performance milestones are met.

Fee income also includes management fees. These fees arise from contractual agreements with entities in which we have a noncontrolling interest. The management fees are recognized as earned under the respective agreements. Management and other fee income related to partially owned entities are recognized to the extent attributable to the unaffiliated interest.

***(i) Assets and Liabilities Measured at Fair Value***

Fair value under U.S. GAAP is a market-based measurement, not an entity-specific measurement. Therefore, our fair value measurements are determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair-value measurements, we use a fair-value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability which are typically based on an entity's own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair-value measurement is based on inputs from different levels of the fair-value hierarchy, the lowest level input that is significant would be used to determine the fair-value measurement in its entirety. Our assessment of the significance of a particular input to the fair-value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

***(j) Transactions Expense***

Transactions expense includes acquisition-related expenses and other business development expenses, which are expensed as incurred. Acquisition-related expenses include closing costs, broker commissions and other professional fees, including legal and accounting fees related to acquisitions and significant transactions.

***(k) Gains on Sale of Properties***

Gains on sale of properties are recognized using the full accrual or partial sale methods, as applicable, in accordance with U.S. GAAP, provided various criteria relating to the terms of sale and any subsequent involvement with the real estate sold are satisfied.

***(l) Management's Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates made. On an on-going basis, we evaluate our estimates, including those related to the valuation of our real estate properties, contingent consideration, accounts receivable and deferred rent receivable,

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performance-based equity compensation plans, the completeness of accrued liabilities and Digital Realty Trust, Inc.'s qualification as a REIT. We base our estimates on historical experience, current market conditions, and various other assumptions that are believed to be reasonable under the circumstances. Actual results may vary from those estimates and those estimates could vary under different assumptions or conditions.

***(m) Segment and Geographic Information***

All of our properties generate similar revenues and expenses related to tenant rent and reimbursements and operating expenses. The delivery of our products is consistent across all properties and although services are provided to a wide range of customers, the types of real estate services provided to them are standardized throughout the portfolio. As such, the properties in our portfolio have similar economic characteristics and the nature of the products and services provided to our customers and the method to distribute such services are consistent throughout the portfolio. Consequently, our properties qualify for aggregation into one reporting segment.

Operating revenues from properties in the United States were \$322.4 million and \$305.5 million and outside the United States were \$97.9 million and \$95.9 million for the three months ended June 30, 2015 and 2014, respectively. Operating revenues from properties in the United States were \$637.1 million and \$600.7 million and outside the United States were \$189.8 million and \$191.3 million for the six months ended June 30, 2015 and 2014, respectively. We had long-lived assets located in the United States of \$5.4 billion and \$5.4 billion and outside the United States of \$2.7 billion and \$2.7 billion as of June 30, 2015 and December 31, 2014, respectively.

Operating revenues from properties located in the United Kingdom were \$54.8 million and \$54.5 million, or 13.0% and 13.6% of total operating revenues, for the three months ended June 30, 2015 and 2014, respectively. Operating revenues from properties located in the United Kingdom were \$104.9 million and \$109.4 million, or 12.7% and 13.8% of total operating revenues, for the six months ended June 30, 2015 and 2014, respectively. No other foreign country comprised more than 10% of total operating revenues for each of these periods. We had long-lived assets located in the United Kingdom of \$1.8 billion and \$1.7 billion, or 21.7% and 21.3% of total long-lived assets, as of June 30, 2015 and December 31, 2014, respectively. No other foreign country comprised more than 10% of total long-lived assets as of June 30, 2015 and December 31, 2014.

***(n) Reclassifications***

Certain reclassifications of prior year amounts have been made to conform to the current year presentation. During the three and six months ended June 30, 2014, \$0.1 million and \$0.3 million, respectively, were reclassified from rental property operating and maintenance expense to other expense.

***(o) Recent Accounting Pronouncements***

In February 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis, which provides guidance on the consolidation evaluation for reporting organizations that are required to evaluate whether they should consolidate certain legal entities. In accordance with the guidance, all legal entities are subject to reevaluation under the revised consolidation model. The guidance is effective in the first quarter of 2016, and early adoption is permitted. We are currently evaluating the potential impact of the adoption of ASU 2015-02 on our consolidated financial statements.

On April 1, 2015, the FASB voted to defer the effective date of ASU No. 2014-09, which outlines a single comprehensive model for entities to use in accounting for revenues arising from contracts with customers and notes that lease contracts with customers are a scope exception. Public business entities may elect to adopt the amendments as of the original effective date; however, if the proposed deferral is approved, adoption is required for annual reporting periods beginning after December 15, 2017. We are currently assessing the impact of the guidance on our consolidated financial statements.

On April 17, 2015, the FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which requires debt issuance costs to be presented in the balance sheet as a direct deduction from the associated debt liability. Currently, debt issuance costs are recorded as an asset and amortization of these deferred financing costs is recorded in interest expense. Under the new standard, debt issuance costs will continue to be amortized over the life of the debt instrument and amortization will continue to be recorded in interest expense. The new standard is effective for the Company on January 1, 2016 and will be applied on a retrospective basis. The Company is currently evaluating ASU 2015-03, and anticipates a change in our presentation only since the standard does not alter the accounting for debt issuance costs.

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**3. Investments in Real Estate**

We acquired the following real estate properties during the six months ended June 30, 2015:

Location	Metropolitan Area	Date Acquired	Amount (in millions) <sup>(1)</sup>
Deer Park 3 <sup>(2)</sup>	Melbourne	April 15, 2015	\$ 1.6
3 Loyang Way <sup>(3)(4)</sup>	Singapore	June 25, 2015	45.0
			\$ 46.6

- (1) Purchase price in U.S. dollars and excludes capitalized closing costs on land acquisitions. Purchase prices for acquisitions outside the United States are based on the exchange rate at the date of acquisition.
- (2) Represents currently vacant land which is not included in our operating property count.
- (3) Represents a development property with an existing shell, which is included in our operating property count. This acquisition lacked key inputs to qualify as a business combination under purchase accounting guidance, and has therefore been accounted for as an asset acquisition, not a business combination.
- (4) Property is subject to a ground lease, which expires in February 2024, with a renewal provision of an additional 28 years upon satisfaction of certain requirements.

**Dispositions**

We sold the following real estate properties during the six months ended June 30, 2015:

Location	Metropolitan Area	Date Sold	Gross Proceeds (in millions)	Gain on Sale (in millions)
100 Quannapowitt Parkway	Boston	February 5, 2015	\$ 31.1	\$ 10.2
3300 East Birch Street	Los Angeles	March 31, 2015	14.2	7.6
833 Chestnut Street	Philadelphia	April 30, 2015	160.8 <sup>(1)</sup>	76.7
			\$ 206.1	\$ 94.5

- (1) Gross proceeds includes a \$9.0 million note receivable, which is expected to be collected by year-end.

We have identified certain non-core investment properties we intend to sell as part of our capital recycling strategy. Our capital recycling program is designed to identify non-strategic and underperforming assets that can be sold to generate proceeds that will support the funding of our core investment activity. We expect our capital recycling initiative will likewise have a meaningfully positive impact on overall return on invested capital. In addition, our capital recycling program does not represent a strategic shift, as we are not entirely exiting regions or property types. During this process, we are evaluating the carrying value of certain investment properties identified for potential sale to ensure the carrying value is recoverable in light of a potentially shorter holding period. As a result of our evaluation, during the year ended December 31, 2014, we recognized approximately \$126.5 million of impairment losses on five properties located in the Midwest, Northeast and West regions. The fair value of the five properties were primarily based on discounted cash flow analysis, and in certain cases, we supplemented the analysis by obtaining broker opinions of value. As of June 30, 2015, three of these properties met the criteria to be classified as held for sale.

As of June 30, 2015, the Company had taken the necessary actions to conclude that five properties (in addition to the 3 properties referenced above) to be disposed of as part of our capital recycling strategy met the criteria to be classified as held for sale. As of June 30, 2015, these eight properties had an aggregate carrying value of \$172.0 million within total assets and \$7.4 million within total liabilities and are shown as assets held for sale and obligations associated with assets held for sale on the condensed consolidated balance sheet. The eight properties are not representative of a significant component of our portfolio, nor do the potential sales represent a significant shift in our strategy.

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#### 4. Investment in Unconsolidated Joint Ventures

As of June 30, 2015, our investment in unconsolidated joint ventures consists of effective 50% interests in three joint ventures that own data center properties at 2001 Sixth Avenue in Seattle, Washington, 2020 Fifth Avenue in Seattle, Washington and 33 Chun Choi Street in Hong Kong, and effective 20% interests in two joint ventures, one of which owns 10 data center properties with an investment fund managed by Prudential Real Estate Investors (PREI®) and the other which owns one data center property with an affiliate of Griffin Capital Essential Asset REIT, Inc. (GCEAR). The following tables present summarized financial information for the joint ventures as of June 30, 2015 and December 31, 2014 and for the six months ended June 30, 2015 and 2014 (unaudited, in thousands):

	As of June 30, 2015					Six Months Ended June 30, 2015			
	Net Investment in Properties	Total Assets	Debt	Total Liabilities	Equity	Revenues	Property Operating Expense	Net Operating Income	Net Income
<b>2015</b>									
<b>Total Unconsolidated Joint Ventures</b>	\$ 768,673	\$ 943,900	\$ 460,789	\$ 559,118	\$ 384,782	\$ 63,976	\$ (17,718)	\$ 46,258	\$ 18,360
Our investment in and share of equity in earnings of unconsolidated joint ventures					\$ 103,410				\$ 8,001
	As of December 31, 2014					Six Months Ended June 30, 2014			
	Net Investment in Properties	Total Assets	Debt	Total Liabilities	Equity	Revenues	Property Operating Expense	Net Operating Income	Net Income
<b>2014</b>									
<b>Total Unconsolidated Joint Ventures</b>	\$ 779,752	\$ 942,107	\$ 461,548	\$ 569,895	\$ 372,212	\$ 46,188	\$ (10,940)	\$ 35,248	\$ 14,896
Our investment in and share of equity in earnings of unconsolidated joint ventures					\$ 94,729				\$ 6,058

#### *Prudential Real Estate Investors (PREI®) Joint Venture*

On March 5, 2014, we contributed the property at 636 Pierce Street in Somerset, New Jersey, which we acquired in December 2013, to our unconsolidated joint venture with the PREI® fund that was formed in September 2013. The property was valued at approximately \$40.4 million and subject to \$26.1 million in debt, which the joint venture assumed. The PREI® fund contributed approximately \$11.4 million in cash for their 80% share of the net asset value of \$14.3 million. Subsequent to the closing, the joint venture refinanced the existing debt with \$23.0 million drawn from the joint venture's bank facility. Including the refinance costs, the PREI® fund contributed \$17.5 million for the 636 Pierce Street property, bringing their contributed capital in the joint venture to \$164.8 million.

The transaction produced a \$1.9 million gain for the Company representing the difference between the \$11.4 million of cash proceeds received by the Company for its 80% share of the net asset less the Company's book value.

#### *Griffin Capital Essential Asset REIT, Inc. (GCEAR) Joint Venture*

On September 9, 2014, we formed a joint venture with an affiliate of GCEAR. We contributed to the joint venture the property located at 43915 Devin Shafron Drive (Building A) in Ashburn, Virginia, which is a Turn-Key Flex® data center property valued at approximately \$185.5 million (excluding approximately \$2.1 million of closing costs). GCEAR contributed cash to the joint venture and holds an 80% interest in the joint venture. We retained a 20% interest in the joint venture. The joint venture agreement provides for a current annual preferred return from cash flow first to GCEAR and then to us, after which a portion of any excess cash flows is shared by the partners based on their respective interests and the remaining portion is paid to us as a promote interest. We perform the day-to-day accounting and property management functions for the joint venture and the property and, as such, earn management fees. Although we are the managing member of the joint venture and manage the day-to-day activities, certain major decisions, including approval of annual budgets, require approval of the GCEAR member.

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Thus, we concluded we do not own a controlling interest and account for our interest in the joint venture as an equity method investment.

The joint venture arranged a \$102.0 million five-year secured bank loan at LIBOR plus 225 basis points, representing a loan-to-value ratio of approximately 55%. The joint venture entered into an interest rate swap agreement to effectively fix the interest rate on approximately \$51.0 million of borrowings under the loan through September 2019. Two one-year extensions of the maturity date are available under the loan agreement, which the joint venture may exercise if certain conditions are met. Proceeds from this loan offset the initial cash capital contribution amount required from GCEAR and was used to provide us with a special distribution on account of a portion of the contribution value of the property. The transaction generated approximately \$167.5 million of net proceeds to us, comprised of our share of the initial draw-down on the bank loan in addition to GCEAR's equity contribution, less our share of closing costs. Accordingly we recognized a gain of approximately \$93.5 million on the sale of the 80% interest in the joint venture during the three months ended September 30, 2014.

Differences between the Company's investment in the joint ventures and the amount of the underlying equity in net assets of the joint ventures are due to basis differences resulting from the Company's equity investment recorded at its historical basis versus the fair value of the Company's contributed interest in the joint ventures. Our proportionate share of the earnings or losses related to these unconsolidated joint ventures is reflected as equity in earnings of unconsolidated joint ventures on the accompanying consolidated income statements.

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**5. Acquired Intangible Assets and Liabilities**

The following summarizes our acquired intangible assets (acquired in-place lease value and acquired above-market lease value) and intangible liabilities (acquired below-market lease value) as of June 30, 2015 and December 31, 2014.

<b>(Amounts in thousands)</b>	<b>Balance as of</b>	
	<b>June 30, 2015</b>	<b>December 31, 2014</b>
<b>Acquired in-place lease value:</b>		
Gross amount	\$ 657,024	\$ 680,419
Accumulated amortization	(451,744)	(452,739)
Net	\$ 205,280	\$ 227,680
<b>Acquired above-market leases:</b>		
Gross amount	\$ 120,553	\$ 126,677
Accumulated amortization	(86,617)	(88,072)
Net	\$ 33,936	\$ 38,605
<b>Acquired below-market leases:</b>		
Gross amount	\$ 280,090	\$ 282,670
Accumulated amortization	(185,778)	(178,435)
Net	\$ 94,312	\$ 104,235

Amortization of acquired below-market leases, net of acquired above-market leases, resulted in an increase to rental revenues of \$2.4 million and \$2.6 million for the three months ended June 30, 2015 and 2014, respectively, and \$4.7 million and \$5.3 million for the six months ended June 30, 2015 and 2014, respectively. The expected average remaining lives for acquired below-market leases and acquired above-market leases is 5.9 years and 3.5 years, respectively, as of June 30, 2015. Estimated annual amortization of acquired below-market leases, net of acquired above-market leases, for each of the five succeeding years and thereafter, commencing July 1, 2015 is as follows:

<b>(Amounts in thousands)</b>	
Remainder of 2015	\$ 4,296
2016	7,485
2017	6,054
2018	4,443
2019	4,545
Thereafter	33,553
Total	\$ 60,376

Amortization of acquired in-place lease value (a component of depreciation and amortization expense) was \$10.5 million and \$18.4 million for the three months ended June 30, 2015 and 2014, respectively, and \$22.1 million and \$33.4 million for the six months ended June 30, 2015 and 2014, respectively. The expected average amortization period for acquired in-place lease value is 6.0 years as of June 30, 2015. The weighted average remaining contractual life for acquired leases excluding renewals or extensions is 4.6 years as of June 30, 2015. Estimated annual amortization of acquired in-place lease value for each of the five succeeding years and thereafter, commencing July 1, 2015 is as follows:

<b>(Amounts in thousands)</b>	
Remainder of 2015	\$ 18,617
2016	32,302
2017	27,768
2018	25,455
2019	22,932
Thereafter	78,206
Total	\$ 205,280

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**6. Debt of the Company**

In this Note 6, the “Company” refers only to Digital Realty Trust, Inc. and not to any of its subsidiaries.

The Company itself does not currently have any indebtedness. All debt is currently held directly or indirectly by the Operating Partnership.

***Guarantee of Debt***

The Company guarantees the Operating Partnership’s obligations with respect to its 5.875% notes due 2020 (2020 Notes), 5.250% notes due 2021 (2021 Notes), 3.950% notes due 2022 (3.950% 2022 Notes), 3.625% notes due 2022 (3.625% 2022 Notes) and its unsecured senior notes sold to Prudential Investment Management, Inc. and certain of its affiliates pursuant to the Amended and Restated Note Purchase and Private Shelf Agreement, as amended, which we refer to as the Prudential Shelf Facility. The Company and the Operating Partnership guarantee the obligations of Digital Stout Holding, LLC, a wholly owned subsidiary of the Operating Partnership, with respect to its 4.750% notes due 2023 (2023 Notes) and 4.250% notes due 2025 (2025 Notes). The Company is also the guarantor of the Operating Partnership’s and its subsidiary borrowers’ obligations under the global revolving credit facility and unsecured term loan.

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**7. Debt of the Operating Partnership**

A summary of outstanding indebtedness of the Operating Partnership as of June 30, 2015 and December 31, 2014 is as follows (in thousands):

<u>Indebtedness</u>	<u>Interest Rate at June 30, 2015</u>		<u>Maturity Date</u>	<u>Principal Outstanding June 30, 2015</u>	<u>Principal Outstanding December 31, 2014</u>
<b>Global revolving credit facility</b>	Various	(1)	Nov 3, 2017	\$ 777,013 (2)	\$ 525,951 (2)
<b>Unsecured term loan</b>	Various	(3)(6)	Apr 16, 2017	961,098 (4)	976,600 (4)
<b>Unsecured senior notes:</b>					
Prudential Shelf Facility:					
Series C	9.680%		Jan 6, 2016	25,000	25,000
Series D	4.570%		Jan 20, 2015	— (7)	50,000
Series E	5.730%		Jan 20, 2017	50,000	50,000
Series F	4.500%		Feb 3, 2015	— (7)	17,000
Total Prudential Shelf Facility				75,000	142,000
Senior Notes:					
4.500% notes due 2015	4.500%		Jul 15, 2015 (8)	—	375,000
5.875% notes due 2020	5.875%		Feb 1, 2020	500,000	500,000
5.250% notes due 2021	5.250%		Mar 15, 2021	400,000	400,000
3.950% notes due 2022	3.950%		Jul 1, 2022 (9)	500,000	—
3.625% notes due 2022	3.625%		Oct 1, 2022	300,000	300,000
4.750% notes due 2023	4.750%		Oct 13, 2023	471,360 (10)	467,310 (10)
4.250% notes due 2025	4.250%		Jan 17, 2025	628,480 (10)	623,080 (10)
Unamortized discounts				(18,432)	(15,632)
Total senior notes, net of discount				2,781,408	2,649,758
Total unsecured senior notes, net of discount				2,856,408	2,791,758

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<u>Indebtedness</u>	<u>Interest Rate at June 30, 2015</u>	<u>Maturity Date</u>	<u>Principal Outstanding June 30, 2015</u>	<u>Principal Outstanding December 31, 2014</u>
<b>Mortgage loans:</b>				
200 Paul Avenue 1-4 <sup>(5)</sup>	5.74%	Oct 8, 2015	67,591	68,665
2045 & 2055 Lafayette Street <sup>(5)</sup>	5.93%	Feb 6, 2017	62,003	62,563
34551 Ardenwood Boulevard 1-4 <sup>(5)</sup>	5.95%	Nov 11, 2016	50,910	51,339
1100 Space Park Drive <sup>(5)</sup>	5.89%	Dec 11, 2016	50,861	51,295
600 West Seventh Street	5.80%	Mar 15, 2016	46,926	47,825
150 South First Street <sup>(5)</sup>	6.30%	Feb 6, 2017	48,902	49,316
2334 Lundy Place <sup>(5)</sup>	5.96%	Nov 11, 2016	37,029	37,340
8025 North Interstate 35	4.09%	Mar 6, 2016	5,924	6,057
731 East Trade Street	8.22%	Jul 1, 2020	3,650	3,836
Unamortized net premiums			511	582
Total mortgage loans, including premiums			374,307	378,818
<b>Total indebtedness</b>			<b>\$ 4,968,826</b>	<b>\$ 4,673,127</b>

(1) The interest rate for borrowings under the global revolving credit facility equals the applicable index plus a margin of 110 basis points, which is based on the current credit ratings of our long-term debt. An annual facility fee of 20 basis points, which is based on the credit ratings of our long-term debt, is due and payable quarterly on the total commitment amount of the facility. Two six-month extensions are available, which we may exercise if certain conditions are met.

(2) Balances as of June 30, 2015 and December 31, 2014 are as follows (balances, in thousands):

<u>Denomination of Draw</u>	<u>Balance as of June 30, 2015</u>	<u>Weighted-average interest rate</u>	<u>Balance as of December 31, 2014</u>	<u>Weighted-average interest rate</u>
<b><u>Floating Rate Borrowing (a)</u></b>				
U.S. dollar (\$)	\$ 115,000	1.29%	\$ 90,000	1.27%
British pound sterling (£)	124,125 (c)	1.62%	132,716 (d)	1.61%
Euro (€)	214,245 (c)	1.04%	58,071 (d)	1.13%
Australian dollar (AUD)	86,396 (c)	3.14%	72,676 (d)	3.74%
Hong Kong dollar (HKD)	88,075 (c)	1.34%	79,336 (d)	1.34%
Japanese yen (JPY)	13,877 (c)	1.16%	13,201 (d)	1.17%
Singapore dollar (SGD)	53,067 (c)	1.85%	6,565 (d)	1.64%
Canadian dollar (CAD)	73,228 (c)	2.09%	62,386 (d)	2.39%
Total	<u>\$ 768,013</u>	<u>1.60%</u>	<u>\$ 514,951</u>	<u>1.84%</u>
<b><u>Base Rate Borrowing (b)</u></b>				
U.S. dollar (\$)	\$ 9,000	3.35%	\$ 11,000	3.35%
Total borrowings	<u>\$ 777,013</u>	<u>1.62%</u>	<u>\$ 525,951</u>	<u>1.87%</u>

- (a) The interest rates for floating rate borrowings under the global revolving credit facility equal the applicable index plus a margin of 110 basis points, which is based on the credit ratings of our long-term debt.
- (b) The interest rates for base rate borrowings under the global revolving credit facility equal the U.S. Prime Rate plus a margin of 10 basis points, which is based on the credit ratings of our long-term debt.
- (c) Based on exchange rates of \$1.57 to £1.00, \$1.11 to €1.00, \$0.77 to 1.00 AUD, \$0.13 to 1.00 HKD, \$0.01 to 1.00 JPY, \$0.74 to 1.00 SGD and \$0.80 to 1.00 CAD, respectively, as of June 30, 2015.

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- (d) Based on exchange rates of \$1.56 to £1.00, \$1.21 to €1.00, \$0.82 to 1.00 AUD, \$0.13 to 1.00 HKD, \$0.01 to 1.00 JPY, \$0.75 to 1.00 SGD and \$0.86 to 1.00 CAD, respectively, as of December 31, 2014.
- (3) Interest rates are based on our current senior unsecured debt ratings and are 120 basis points over the applicable index for floating rate advances. Two six-month extensions are available, which we may exercise if certain conditions are met.
- (4) Balances as of June 30, 2015 and December 31, 2014 are as follows (balances, in thousands):

<u>Denomination of Draw</u>	<u>Balance as of June 30, 2015</u>	<u>Weighted-average interest rate</u>	<u>Balance as of December 31, 2014</u>	<u>Weighted-average interest rate</u>
U.S. dollar (\$)	\$ 410,905	1.38% (b)	\$ 410,905	1.36% (d)
Singapore dollar (SGD)	169,593 (a)	1.98% (b)	172,426 (c)	1.45% (d)
British pound sterling (£)	189,997 (a)	1.77%	188,365 (c)	1.76%
Euro (€)	110,913 (a)	1.15%	120,375 (c)	1.22%
Australian dollar (AUD)	79,690 (a)	3.34%	84,529 (c)	3.98%
Total	<u>\$ 961,098</u>	1.70% (b)	<u>\$ 976,600</u>	1.66% (d)

- (a) Based on exchange rates of \$0.74 to 1.00 SGD, \$1.57 to £1.00, \$1.11 to €1.00 and \$0.77 to 1.00 AUD, respectively, as of June 30, 2015.
- (b) As of June 30, 2015, the weighted-average interest rate reflecting interest rate swaps was 1.88% (U.S. dollar), 2.11% (Singapore dollar) and 1.94% (Total). See Note 14 "Derivative Instruments" for further discussion on interest rate swaps.
- (c) Based on exchange rates of \$0.75 to 1.00 SGD, \$1.56 to £1.00, \$1.21 to €1.00 and \$0.82 to 1.00 AUD, respectively, as of December 31, 2014.
- (d) As of December 31, 2014, the weighted-average interest rate reflecting interest rate swaps was 1.92% (U.S. dollar), 2.01% (Singapore dollar) and 2.00% (Total). See Note 14 "Derivative Instruments" for further discussion on interest rate swaps.
- (5) The respective borrower's assets and credit are not available to satisfy the debts and other obligations of affiliates or any other person.
- (6) We have entered into interest rate swap agreements as a cash flow hedge for interest generated by the U.S. dollar and Singapore dollar tranches of the unsecured term loan. See Note 14 "Derivative Instruments" for further information.
- (7) These unsecured senior notes were repaid in full at maturity.
- (8) On May 26, 2015, the Operating Partnership redeemed the entire outstanding principal amount of its 4.500% Notes due 2015 (2015 Notes), at a redemption price is 100% of the principal amount of the 2015 Notes plus accrued and unpaid interest thereon up to, but excluding, the redemption date.
- (9) On June 23, 2015, the Operating Partnership issued \$500.0 million in aggregate principal amount of notes, maturing on July 1, 2022 with an interest rate of 3.950% per annum. The purchase price paid by the initial purchasers was 99.236% of the principal amount.
- (10) Based on exchange rate of \$1.57 to £1.00 as of June 30, 2015 and \$1.56 to £1.00 as of December 31, 2014.

**Global Revolving Credit Facility**

On August 15, 2013, the Operating Partnership refinanced its global revolving credit facility, increasing its total borrowing capacity to \$2.0 billion from \$1.8 billion. The global revolving credit facility has an accordion feature that would enable us to increase the borrowing capacity of the credit facility to \$2.55 billion, subject to the receipt of lender commitments and other conditions precedent. The refinanced facility matures on November 3, 2017, with two six-month extension options available. The interest rate for borrowings under the expanded facility equals the applicable index plus a margin which is based on the credit ratings of our long-term debt and is currently 110 basis points. An annual facility fee on the total commitment amount of the facility, based on the credit ratings of our long-term debt, currently 20 basis points, is payable quarterly. Funds may be drawn in U.S., Canadian, Singapore, Australian and Hong Kong dollars, as well as Euro, British pound sterling, Swiss franc, Japanese yen and Mexican peso denominations. As of June 30, 2015, interest rates are based on 1-month LIBOR, 1-month GBP LIBOR, 1-month EURIBOR, 1-month BBR, 1-month HIBOR, 1-month JPY LIBOR, 1-month SOR and 1-month CDOR plus a margin of 1.10%. The facility also bore a base borrowing rate of 3.35% (USD) which is based on U.S. Prime Rate plus a margin

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of 0.10%. We have used and intend to use available borrowings under the global revolving credit facility to acquire additional properties, to fund development opportunities and for general working capital and other corporate purposes, including potentially for the repurchase, redemption or retirement of outstanding debt or equity securities. As of June 30, 2015, we have capitalized approximately \$18.0 million of financing costs related to the global revolving credit facility. As of June 30, 2015, approximately \$777.0 million was drawn under the global revolving credit facility and \$8.1 million of letters of credit were issued.

The global revolving credit facility contains various restrictive covenants, including limitations on our ability to incur additional indebtedness, make certain investments or merge with another company, and requirements to maintain financial coverage ratios, including with respect to unencumbered assets. In addition, the global revolving credit facility restricts Digital Realty Trust, Inc. from making distributions to its stockholders, or redeeming or otherwise repurchasing shares of its capital stock, after the occurrence and during the continuance of an event of default, except in limited circumstances including as necessary to enable Digital Realty Trust, Inc. to maintain its qualification as a REIT and to minimize the payment of income or excise tax. As of June 30, 2015, we were in compliance with all of such covenants.

#### ***Unsecured Term Loan***

On August 15, 2013, we refinanced the senior unsecured multi-currency term loan facility, increasing its total borrowing capacity to \$1.0 billion from \$750.0 million. Pursuant to the accordion feature, total commitments can be increased to \$1.1 billion, subject to the receipt of lender commitments and other conditions precedent. The facility matures on April 16, 2017, with two six-month extension options available. Interest rates are based on our senior unsecured debt ratings and are currently 120 basis points over the applicable index for floating rate advances. Funds may be drawn in U.S., Singapore and Australian dollars, as well as Euro and British pound sterling denominations with the option to add Hong Kong dollars and Japanese yen upon an accordion exercise. Based on exchange rates in effect at June 30, 2015, the balance outstanding is approximately \$961.1 million. We have used borrowings under the term loan for acquisitions, repayment of indebtedness, development, working capital and general corporate purposes. The covenants under this loan are consistent with our global revolving credit facility and, as of June 30, 2015, we were in compliance with all of such covenants. As of June 30, 2015, we have capitalized approximately \$8.4 million of financing costs related to the unsecured term loan.

#### ***3.950% Notes due 2022***

On June 23, 2015, the Operating Partnership issued \$500.0 million in aggregate principal amount of notes, maturing on July 1, 2022 with an interest rate of 3.950% per annum (the 3.950% 2022 Notes). The public offering price was 99.236% of the principal amount. The 3.950% 2022 Notes are general unsecured senior obligations of the Operating Partnership, rank equally in right of payment with all other senior unsecured indebtedness of the Operating Partnership and are fully and unconditionally guaranteed by Digital Realty Trust, Inc. Interest on the 3.950% 2022 Notes is payable on January 1 and July 1 of each year, beginning on January 1, 2016. The net proceeds from the offering after deducting the original issue discount of approximately \$3.8 million and underwriting commissions and expenses of approximately \$4.4 million was approximately \$491.8 million. The Operating Partnership will use the net proceeds from the offering of the 3.950% 2022 Notes to fund certain eligible green projects, including the development and redevelopment of such projects. Pending such uses, the Operating Partnership temporarily repaid borrowings under its global revolving credit facility. The 3.950% 2022 Notes have been reflected net of discount in the condensed consolidated balance sheet. The indenture governing the 3.950% 2022 Notes contains certain covenants, including (1) a leverage ratio not to exceed 60%, (2) a secured debt leverage ratio not to exceed 40% and (3) an interest coverage ratio of greater than 1.50, and also requires us to maintain total unencumbered assets of not less than 150% of the aggregate principal amount of unsecured debt. At June 30, 2015, we were in compliance with each of these financial covenants.

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The table below summarizes our debt maturities and principal payments as of June 30, 2015 (in thousands):

	Global Revolving Credit Facility <sup>(1)</sup>	Unsecured Term Loan <sup>(1)</sup>	Prudential Shelf Facility	Senior Notes	Mortgage Loans	Total Debt
Remainder of 2015	\$ —	\$ —	\$ —	\$ —	\$ 71,052	\$ 71,052
2016	—	—	25,000	—	191,979	216,979
2017	777,013	961,098	50,000	—	108,395	1,896,506
2018	—	—	—	—	593	593
2019	—	—	—	—	644	644
Thereafter	—	—	—	2,799,840	1,133	2,800,973
Subtotal	\$ 777,013	\$ 961,098	\$ 75,000	\$ 2,799,840	\$ 373,796	\$ 4,986,747
Unamortized discount	—	—	—	(18,432)	—	(18,432)
Unamortized premium	—	—	—	—	511	511
Total	<u>\$ 777,013</u>	<u>\$ 961,098</u>	<u>\$ 75,000</u>	<u>\$ 2,781,408</u>	<u>\$ 374,307</u>	<u>\$ 4,968,826</u>

(1) Subject to two six-month extension options exercisable by us. The bank group is obligated to grant the extension options provided we give proper notice, we make certain representations and warranties and no default exists under the global revolving credit facility and the unsecured term loan, as applicable.

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**8. Income per Share**

The following is a summary of basic and diluted income per share (in thousands, except share and per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income available to common stockholders	\$ 117,055	\$ 41,510	\$ 218,783	\$ 75,696
Weighted average shares outstanding—basic	135,810,060	133,802,622	135,757,584	131,183,857
Potentially dilutive common shares:				
Stock options	30,601	45,278	31,402	43,023
Unvested incentive units	68,371	74,345	55,742	65,847
Market performance-based awards	589,972	55,640	416,267	27,820
Weighted average shares outstanding—diluted	<u>136,499,004</u>	<u>133,977,885</u>	<u>136,260,995</u>	<u>131,320,547</u>
Income per share:				
Basic	<u>\$ 0.86</u>	<u>\$ 0.31</u>	<u>\$ 1.61</u>	<u>\$ 0.58</u>
Diluted	<u>\$ 0.86</u>	<u>\$ 0.31</u>	<u>\$ 1.61</u>	<u>\$ 0.58</u>

We have excluded the following potentially dilutive securities in the calculations above as they would be antidilutive or not dilutive:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Weighted average of Operating Partnership common units not owned by Digital Realty Trust, Inc.	2,757,466	2,812,716	2,730,120	2,710,262
Potentially dilutive 2029 Debentures	—	1,121,910	—	3,948,379
Potentially dilutive Series E Cumulative Redeemable Preferred Stock	4,360,736	5,060,744	4,376,813	5,367,507
Potentially dilutive Series F Cumulative Redeemable Preferred Stock	2,765,569	3,209,512	2,775,765	3,404,060
Potentially dilutive Series G Cumulative Redeemable Preferred Stock	3,781,463	4,388,483	3,795,404	4,654,496
Potentially dilutive Series H Cumulative Redeemable Preferred Stock	5,541,340	6,437,332	5,561,769	3,449,841
	<u>19,206,574</u>	<u>23,030,697</u>	<u>19,239,871</u>	<u>23,534,545</u>

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**9. Income per Unit**

The following is a summary of basic and diluted income per unit (in thousands, except unit and per unit amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income available to common unitholders	\$ 119,432	\$ 42,383	\$ 223,186	\$ 77,262
Weighted average units outstanding—basic	138,567,526	136,615,338	138,487,704	133,894,119
Potentially dilutive common units:				
Stock options	30,601	45,278	31,402	43,023
Unvested incentive units	68,371	74,345	55,742	65,847
Market performance-based awards	589,972	55,640	416,267	27,820
Weighted average units outstanding—diluted	139,256,470	136,790,601	138,991,115	134,030,809
Income per unit:				
Basic	\$ 0.86	\$ 0.31	\$ 1.61	\$ 0.58
Diluted	\$ 0.86	\$ 0.31	\$ 1.61	\$ 0.58

We have excluded the following potentially dilutive securities in the calculations above as they would be antidilutive or not dilutive:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Potentially dilutive 2029 Debentures	—	1,121,910	—	3,948,379
Potentially dilutive Series E Cumulative Redeemable Preferred Units	4,360,736	5,060,744	4,376,813	5,367,507
Potentially dilutive Series F Cumulative Redeemable Preferred Units	2,765,569	3,209,512	2,775,765	3,404,060
Potentially dilutive Series G Cumulative Redeemable Preferred Units	3,781,463	4,388,483	3,795,404	4,654,496
Potentially dilutive Series H Cumulative Redeemable Preferred Units	5,541,340	6,437,332	5,561,769	3,449,841
	16,449,108	20,217,981	16,509,751	20,824,283

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**10. Income Taxes**

Digital Realty Trust, Inc. has elected to be treated and believes that it has been organized and has operated in a manner that has enabled it to qualify as a REIT for federal income tax purposes. As a REIT, Digital Realty Trust, Inc. is generally not subject to corporate level federal income taxes on earnings distributed currently to its stockholders. Since inception, Digital Realty Trust, Inc. has distributed at least 100% of its taxable income annually and intends to do so for the tax year ending December 31, 2015. As such, no provision for federal income taxes has been included in the accompanying condensed consolidated financial statements for the three and six months ended June 30, 2015 and 2014.

The Operating Partnership is a partnership and is not required to pay federal income tax. Instead, taxable income is allocated to its partners, who include such amounts on their federal income tax returns. As such, no provision for federal income taxes has been included in the Operating Partnership's accompanying condensed consolidated financial statements.

We have elected taxable REIT subsidiary ("TRS") status for some of our consolidated subsidiaries. In general, a TRS may provide services that would otherwise be considered impermissible for REITs to provide and may hold assets that REITs cannot hold directly. Income taxes for TRS entities were accrued, as necessary, for the three and six months ended June 30, 2015 and 2014.

For our TRS entities and foreign subsidiaries that are subject to U.S. federal, state and foreign income taxes, deferred tax assets and liabilities are established for temporary differences between the financial reporting basis and the tax basis of assets and liabilities at the enacted tax rates expected to be in effect when the temporary differences reverse. A valuation allowance for deferred tax assets is provided if we believe it is more likely than not that the deferred tax asset may not be realized, based on available evidence at the time the determination is made. An increase or decrease in the valuation allowance that results from the change in circumstances that causes a change in our judgment about the realizability of the related deferred tax asset is included in the income statement. Deferred tax assets (net of valuation allowance) and liabilities for our TRS entities and foreign subsidiaries were accrued, as necessary, for the three and six months ended June 30, 2015 and 2014. As of June 30, 2015, we had deferred tax liabilities, net of deferred tax assets, of approximately \$139.4 million primarily related to our foreign properties. The majority of our net deferred tax liability relates to differences between tax basis and book basis of the assets acquired in the Sentrum Portfolio acquisition during 2012.

**11. Equity and Accumulated Other Comprehensive Income, Net*****(a) Equity Distribution Agreements***

Digital Realty Trust, Inc. entered into equity distribution agreements in June 2011, which we refer to as the 2011 Equity Distribution Agreements, with each of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc. and Morgan Stanley & Co. LLC, or the Agents, under which it can issue and sell shares of its common stock having an aggregate offering price of up to \$400.0 million from time to time through, at its discretion, any of the Agents as its sales agents. The sales of common stock made under the 2011 Equity Distribution Agreements will be made in "at the market" offerings as defined in Rule 415 of the Securities Act. Cumulatively through June 30, 2015, Digital Realty Trust, Inc. has generated net proceeds of approximately \$342.7 million from the issuance of approximately 5.7 million common shares under the 2011 Equity Distribution Agreements at an average price of \$60.35 per share after payment of approximately \$3.5 million of commissions to the sales agents and before offering expenses. No sales were made under the program during the six months ended June 30, 2015 and 2014. As of June 30, 2015, shares of common stock having an aggregate offering price of \$53.8 million remained available for offer and sale under the program.

***(b) Noncontrolling Interests in Operating Partnership***

Noncontrolling interests in the Operating Partnership relate to the interests that are not owned by Digital Realty Trust, Inc. The following table shows the ownership interests in the Operating Partnership as of June 30, 2015 and December 31, 2014:

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	June 30, 2015		December 31, 2014	
	Number of units	Percentage of total	Number of units	Percentage of total
Digital Realty Trust, Inc.	135,832,492	97.9%	135,626,255	97.8%
Noncontrolling interests consist of:				
Common units held by third parties	1,425,314	1.0	1,463,814	1.1
Incentive units held by employees and directors (see Note 13)	1,505,666	1.1	1,549,847	1.1
	<b>138,763,472</b>	<b>100.0%</b>	<b>138,639,916</b>	<b>100.0%</b>

Limited partners have the right to require the Operating Partnership to redeem part or all of their common units for cash based on the fair market value of an equivalent number of shares of Digital Realty Trust, Inc. common stock at the time of redemption. Alternatively, Digital Realty Trust, Inc. may elect to acquire those common units in exchange for shares of Digital Realty Trust, Inc. common stock on a one-for-one basis, subject to adjustment in the event of stock splits, stock dividends, issuance of stock rights, specified extraordinary distributions and similar events. Pursuant to authoritative accounting guidance, Digital Realty Trust, Inc. evaluated whether it controls the actions or events necessary to issue the maximum number of shares that could be required to be delivered under the share settlement of the noncontrolling Operating Partnership common and incentive units. Based on the results of this analysis, we concluded that the common and incentive Operating Partnership units met the criteria to be classified within equity.

The redemption value of the noncontrolling Operating Partnership common units and the vested incentive units was approximately \$182.8 million and \$179.0 million based on the closing market price of Digital Realty Trust, Inc. common stock on June 30, 2015 and December 31, 2014, respectively.

The following table shows activity for the noncontrolling interests in the Operating Partnership for the six months ended June 30, 2015:

	Common Units	Incentive Units	Total
<b>As of December 31, 2014</b>	<b>1,463,814</b>	<b>1,549,847</b>	<b>3,013,661</b>
Redemption of common units for shares of Digital Realty Trust, Inc. common stock (1)	(38,500)	—	(38,500)
Conversion of incentive units held by employees and directors for shares of Digital Realty Trust, Inc. common stock (1)	—	(76,087)	(76,087)
Cancellation of incentive units held by employees and directors	—	(15,150)	(15,150)
Grant of incentive units to employees and directors	—	47,056	47,056
<b>As of June 30, 2015</b>	<b>1,425,314</b>	<b>1,505,666</b>	<b>2,930,980</b>

(1) This redemption was recorded as a reduction to noncontrolling interests in the Operating Partnership and an increase to common stock and additional paid in capital based on the book value per unit in the accompanying condensed consolidated balance sheet of Digital Realty Trust, Inc.

**(c) Dividends**

We have declared and paid the following dividends on our common and preferred stock for the six months ended June 30, 2015 (in thousands, except per share data):

Date dividend declared	Dividend payment date	Series E Preferred Stock	Series F Preferred Stock	Series G Preferred Stock	Series H Preferred Stock	Common Stock
February 25, 2015	March 31, 2015	\$ 5,031	\$ 3,023	\$ 3,672	\$ 6,730	\$ 115,419
May 12, 2015	June 30, 2015	5,031	3,023	3,672	6,730	115,458
		<b>\$ 10,062</b>	<b>\$ 6,046</b>	<b>\$ 7,344</b>	<b>\$ 13,460</b>	<b>\$ 230,877</b>
Annual rate of dividend per share		<b>\$ 1.750</b>	<b>\$ 1.656</b>	<b>\$ 1.469</b>	<b>\$ 1.844</b>	<b>\$ 3.400</b>

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Distributions out of Digital Realty Trust, Inc.'s current or accumulated earnings and profits are generally classified as dividends whereas distributions in excess of its current and accumulated earnings and profits, to the extent of a stockholder's U.S. federal income tax basis in Digital Realty Trust, Inc.'s stock, are generally classified as a return of capital. Distributions in excess of a stockholder's U.S. federal income tax basis in Digital Realty Trust, Inc.'s stock are generally characterized as capital gain. Cash provided by operating activities has generally been sufficient to fund all distributions; however, in the future we may also need to utilize borrowings under the global revolving credit facility to fund all or a portion of distributions.

**(d) Accumulated Other Comprehensive Income, Net**

The accumulated balances for each item within other comprehensive income, net are as follows (in thousands):

	Foreign currency translation adjustments		Cash flow hedge adjustments		Accumulated other comprehensive income (loss), net
<b>Balance as of December 31, 2014</b>	\$ (39,567)		\$ (5,479)		\$ (45,046)
Net current period change	(21,947)	(1)	(1,804)		(23,751)
Reclassification to interest expense from interest rate swaps	—		1,473		1,473
<b>Balance as of June 30, 2015</b>	<u>\$ (61,514)</u>		<u>\$ (5,810)</u>		<u>\$ (67,324)</u>

(1) During the first six months of 2015, the U.S. dollar was generally stronger against the other currencies in which we transacted business, primarily the Euro and British pound sterling.

**12. Capital and Accumulated Other Comprehensive Income**

**(a) Allocations of Net Income and Net Losses to Partners**

Except for special allocations to holders of profits interest units described below in Note 13 "Incentive Plan—Long-Term Incentive Units," the Operating Partnership's net income will generally be allocated to the General Partner to the extent of the accrued preferred return on its preferred units, and then to the General Partner and the Operating Partnership's limited partners in accordance with the respective percentage interests in the common units issued by the Operating Partnership. Net loss will generally be allocated to the General Partner and the Operating Partnership's limited partners in accordance with the respective common percentage interests in the Operating Partnership until the limited partner's capital is reduced to zero and any remaining net loss would be allocated to the General Partner. However, in some cases, losses may be disproportionately allocated to partners who have guaranteed our debt. The allocations described above are subject to special allocations relating to depreciation deductions and to compliance with the provisions of Sections 704(b) and 704(c) of the Code, and the associated Treasury Regulations.

**(b) Partnership Units**

Limited partners have the right to require the Operating Partnership to redeem part or all of their common units for cash based on the fair market value of an equivalent number of shares of the General Partner's common stock at the time of redemption. Alternatively, the General Partner may elect to acquire those common units in exchange for shares of the General Partner's common stock on a one-for-one basis, subject to adjustment in the event of stock splits, stock dividends, issuance of stock rights, specified extraordinary distributions and similar events. Pursuant to authoritative accounting guidance, the Operating Partnership evaluated whether it controls the actions or events necessary to issue the maximum number of shares that could be required to be delivered under the share settlement of the limited partners' common units and the vested incentive units. Based on the results of this analysis, the Operating Partnership concluded that the common and vested incentive Operating Partnership units met the criteria to be classified within capital.

The redemption value of the limited partners' common units and the vested incentive units was approximately \$182.8 million and \$179.0 million based on the closing market price of Digital Realty Trust, Inc.'s common stock on June 30, 2015 and December 31, 2014, respectively.

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**(c) Distributions**

All distributions on the Operating Partnership's units are at the discretion of Digital Realty Trust, Inc.'s board of directors. The Operating Partnership has declared and paid the following distributions on its common and preferred units for the six months ended June 30, 2015 (in thousands, except for per unit data):

Date distribution declared	Distribution payment date	Series E Preferred Units	Series F Preferred Units	Series G Preferred Units	Series H Preferred Units	Common Units
February 25, 2015	March 31, 2015	\$ 5,031	\$ 3,023	\$ 3,672	\$ 6,730	\$ 117,896
May 12, 2015	June 30, 2015	5,031	3,023	3,672	6,730	117,938
		<u>\$ 10,062</u>	<u>\$ 6,046</u>	<u>\$ 7,344</u>	<u>\$ 13,460</u>	<u>\$ 235,834</u>
Annual rate of distribution per unit		<u>\$ 1.750</u>	<u>\$ 1.656</u>	<u>\$ 1.469</u>	<u>\$ 1.844</u>	<u>\$ 3.400</u>

**(d) Accumulated Other Comprehensive Income**

The accumulated balances for each item within other comprehensive income are as follows (in thousands):

	Foreign currency translation adjustments	Cash flow hedge adjustments	Accumulated other comprehensive loss
<b>Balance as of December 31, 2014</b>	\$ (42,138)	\$ (6,295)	\$ (48,433)
Net current period change	(22,375) <sup>(1)</sup>	(1,840)	(24,215)
Reclassification to interest expense from interest rate swaps	—	1,503	1,503
<b>Balance as of June 30, 2015</b>	<u>\$ (64,513)</u>	<u>\$ (6,632)</u>	<u>\$ (71,145)</u>

(1) During the first six months of 2015, the U.S. dollar was generally stronger against the other currencies in which we transacted business, primarily the Euro and British pound sterling.

**13. Incentive Plan**

Our Amended and Restated 2004 Incentive Award Plan (as defined below) previously provided for the grant of incentive awards to employees, directors and consultants. Awards issuable under the Amended and Restated 2004 Incentive Award Plan included stock options, restricted stock, dividend equivalents, stock appreciation rights, long-term incentive units, cash performance bonuses and other incentive awards. Only employees were eligible to receive incentive stock options under the Amended and Restated 2004 Incentive Award Plan. Initially, we had reserved a total of 4,474,102 shares of common stock for issuance pursuant to the Digital Realty Trust, Inc., Digital Services, Inc. and Digital Realty Trust, L.P. 2004 Incentive Award Plan (the 2004 Incentive Award Plan), subject to certain adjustments set forth in the 2004 Incentive Award Plan. On May 2, 2007, Digital Realty Trust, Inc.'s stockholders approved the First Amended and Restated Digital Realty Trust, Inc., Digital Services, Inc. and Digital Realty Trust, L.P. 2004 Incentive Award Plan (as amended, the Amended and Restated 2004 Incentive Award Plan). The Amended and Restated 2004 Incentive Award Plan increased the aggregate number of shares of stock which could have been issued or transferred under the plan by 5,000,000 shares to a total of 9,474,102 shares, and provided that the maximum number of shares of stock with respect to awards granted to any one participant during a calendar year was 1,500,000 shares and the maximum amount that could have been paid in cash during any calendar year with respect to any performance-based award not denominated in stock or otherwise for which the foregoing limitation would not be an effective limitation for purposes of Section 162(m) of the Code was \$10.0 million.

On April 28, 2014, Digital Realty Trust, Inc. held its 2014 Annual Meeting of Stockholders, or the 2014 Annual Meeting, at which the Company's stockholders approved the Digital Realty Trust, Inc., Digital Services, Inc., and Digital Realty Trust, L.P. 2014 Incentive Award Plan (as amended, the 2014 Incentive Award Plan), which had been previously adopted by the Board of Directors and recommended to the stockholders for approval by the Company's Board of Directors. The 2014 Incentive Award Plan became effective and replaced the Amended and Restated 2004 Incentive Award Plan as of the date of such stockholder

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approval. The material features of the 2014 Incentive Award Plan are described in our definitive Proxy Statement filed on March 19, 2014 in connection with the 2014 Annual Meeting, which description is incorporated herein by reference.

As of June 30, 2015, 4,683,490 shares of common stock or awards convertible into or exchangeable for common stock remained available for future issuance under the 2014 Incentive Award Plan. Each long-term incentive unit and Class D Unit issued under the 2014 Incentive Award Plan counts as one share of common stock for purposes of calculating the limit on shares that may be issued under the 2014 Incentive Award Plan and the individual award limits set forth therein.

**(a) Long-Term Incentive Units**

Long-term incentive units, which are also referred to as profits interest units, may be issued to eligible participants for the performance of services to or for the benefit of the Operating Partnership. Long-term incentive units (other than Class D Units), whether vested or not, will receive the same quarterly per unit distributions as Operating Partnership common units, which equal per share distributions on Digital Realty Trust, Inc. common stock. Initially, long-term incentive units do not have full parity with common units with respect to liquidating distributions. If such parity is reached, vested long-term incentive units may be converted into an equal number of common units of the Operating Partnership at any time, and thereafter enjoy all the rights of common units of the Operating Partnership, including redemption rights. For a discussion of how long-term incentive units reach parity with common units, see note 13(a) to our consolidated financial statements for the fiscal year ended December 31, 2014, included in our Annual Report on 10-K for the year ended December 31, 2014.

Below is a summary of our long-term incentive unit activity for the six months ended June 30, 2015.

<u>Unvested Long-term Incentive Units</u>	Units	Weighted-Average Grant Date Fair Value
Unvested, beginning of period	314,415	\$ 59.34
Granted	47,056	64.81
Vested	(157,300)	60.25
Cancelled or expired	(15,150)	58.26
Unvested, end of period	<u>189,021</u>	<u>60.04</u>

The grant date fair values, which equal the market price of Digital Realty Trust, Inc. common stock on the grant date, are being expensed on a straight-line basis for service awards over four years, the current vesting period of the long-term incentive units.

The expense recorded for the three months ended June 30, 2015 and 2014 related to long-term incentive units was approximately \$1.8 million and \$2.0 million, respectively, and approximately \$3.1 million and \$9.9 million for the six months ended June 30, 2015 and 2014, respectively. We capitalized amounts relating to compensation expense of employees direct and incremental to construction and successful leasing activities of approximately \$0.1 million and \$0.4 million for the three months ended June 30, 2015 and 2014, respectively, and approximately \$1.0 million and \$0.9 million for the six months ended June 30, 2015 and 2014, respectively. Unearned compensation representing the unvested portion of the long-term incentive units totaled \$7.4 million and \$9.3 million as of June 30, 2015 and December 31, 2014, respectively. We expect to recognize this unearned compensation over the next 2.2 years on a weighted-average basis.

**(b) Market Performance-Based Awards**

During the six months ended June 30, 2015 and 2014, the Compensation Committee of the Board of Directors of the Company approved the grant of market performance-based Class D Units of the Operating Partnership and market performance-based restricted stock units, or RSUs, covering shares of the Company's common stock (collectively, the "awards"), under the Amended and Restated 2004 Incentive Award Plan and 2014 Incentive Plan, respectively, to officers and employees of the Company.

The awards, which were determined to contain a market condition, utilize total shareholder return, or TSR, over a three-year measurement period as the market performance metric. Awards will vest based on the Company's TSR relative to the MSCI US REIT Index, or RMS, over a three-year market performance period, or the Market Performance Period, commencing in January 2014 or January 2015, as applicable (or, if earlier, ending on the date on which a change in control of the Company occurs), subject to continued services. Vesting with respect to the market condition is measured based on the difference between the Company's TSR percentage and the TSR percentage of the RMS, or the RMS Relative Market Performance. In the event that

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the RMS Relative Market Performance during the Market Performance Period is achieved at the “threshold,” “target” or “high” level as set forth below, the awards will become vested as to the market condition with respect to the percentage of Class D units or RSUs, as applicable, set forth below:

<b>Level</b>	<b>RMS Relative Market Performance (2014 Awards)</b>	<b>RMS Relative Market Performance (2015 Awards)</b>	<b>Market Performance Vesting Percentage</b>
Below Threshold Level	< 0 basis points	< -300 basis points	0%
Threshold Level	0 basis points	-300 basis points	25%
Target Level	325 basis points	100 basis points	50%
High Level	≥ 650 basis points	≥ 500 basis points	100%

If the RMS Relative Market Performance falls between the levels specified above, the percentage of the award that will vest with respect to the market condition will be determined using straight-line linear interpolation between such levels.

Following the completion of the Market Performance Period, the 2014 awards that have satisfied the market condition, if any, will vest 50% on February 27, 2017 and 50% on February 27, 2018, subject to continued employment through each applicable vesting date. Following the completion of the Market Performance Period, the 2015 awards that have satisfied the market condition, if any, will vest 50% on February 27, 2018 and 50% on February 27, 2019, subject to continued employment through each applicable vesting date.

Service-based vesting will be accelerated, in full or on a pro rata basis, in the event of a change in control, termination of employment by the Company without cause, or termination of employment by the award recipient for good reason, death, disability or retirement, in any case prior to the completion of the Market Performance Period. However, vesting with respect to the market condition will continue to be measured based on RMS Relative Market Performance during the three-year Market Performance Period (or, in the case of a change in control, shortened Market Performance Period).

The fair values of the 2014 awards and 2015 awards were measured using a Monte Carlo simulation to estimate the probability of the market vesting condition being satisfied. The Company’s achievement of the market vesting condition is contingent on its TSR over a three-year market performance period, relative to the total shareholder return of the RMS. The Monte Carlo simulation is a probabilistic technique based on the underlying theory of the Black-Scholes formula, which was run for 100,000 trials to determine the fair value of the awards. For each trial, the payoff to an award is calculated at the settlement date and is then discounted to the grant date at a risk-free interest rate. The total expected value of the awards on the grant date was determined by multiplying the average value per award over all trials by the number of awards granted. Assumptions used in the 2014 valuation include expected stock price volatility of 33 percent and a risk-free interest rate of 0.67 percent. Assumptions used in the 2015 valuation include expected stock price volatility of 24 percent and a risk-free interest rate of 1.00 percent. The valuations were performed in a risk-neutral framework, so no assumption was made with respect to an equity risk premium.

As of June 30, 2015, 1,148,991 Class D Units and 368,878 market performance-based RSUs had been awarded to our executive officers and other employees. The number of units granted reflects the maximum number of Class D units or market performance-based RSUs, as applicable, which will become vested assuming the achievement of the highest level of RMS Relative Market Performance under the awards and, in the case of the Class D units, also includes dividend equivalent units. The fair value of these awards of approximately \$34.3 million will be recognized as compensation expense on a straight-line basis over the expected service period of approximately four years. The unearned compensation as of June 30, 2015 and December 31, 2014 was \$21.7 million and \$9.5 million, respectively, net of cancellations. As of June 30, 2015, none of the above awards had vested. We recognized compensation expense related to these awards of approximately \$2.1 million and \$1.0 million in the three months ended June 30, 2015 and 2014, respectively, and approximately \$3.3 million and \$1.4 million in the six months ended June 30, 2015 and 2014, respectively. We capitalized amounts relating to compensation expense of employees directly engaged in construction and leasing activities of approximately \$0.6 million and \$0.4 million for the three months ended June 30, 2015 and 2014, respectively, and approximately \$1.0 million and \$0.6 million for the six months ended June 30, 2015 and 2014, respectively. If the market conditions are not met, at the end of the applicable performance periods, the unamortized amount will be recognized as an expense at that time.

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**(c) Stock Options**

The following table summarizes the Amended and Restated 2004 Incentive Award Plan's stock option activity for the six-month period ended June 30, 2015:

	Period Ended June 30, 2015	
	Shares	Weighted average exercise price
Options outstanding, beginning of period	80,933	\$ 37.25
Exercised	(11,961)	41.19
Options outstanding, end of period	68,972	\$ 36.57
Exercisable, end of period	68,972	\$ 36.57

The following table summarizes information about stock options outstanding and exercisable as of June 30, 2015:

Options outstanding and exercisable				
Exercise price	Number outstanding	Weighted-average remaining contractual life (years)	Weighted-average exercise price	Aggregate intrinsic value
\$20.37	15,000	0.36	20.37	\$ 694,650
\$33.18-41.73	53,972	1.80	41.07	1,382,298
Total / Weighted-average	68,972	1.49	\$ 36.57	\$ 2,076,948

**(d) Restricted Stock**

Below is a summary of our restricted stock activity for the six months ended June 30, 2015.

Unvested Restricted Stock	Shares	Weighted-Average Grant Date Fair Value
Unvested, beginning of period	300,502	\$ 57.10
Granted	101,227	66.72
Vested	(88,869)	59.45
Cancelled or expired	(19,742)	58.99
Unvested, end of period	293,118	60.91

The grant date fair values, which equal the market price of Digital Realty Trust, Inc. common stock on the grant date, are being expensed on a straight-line basis for service awards over the vesting period of the restricted stock, which ranges from three to four years.

The expense recorded for the three months ended June 30, 2015 and 2014 related to grants of restricted stock was approximately \$0.7 million and \$0.6 million, respectively, and approximately \$1.2 million and \$1.4 million for the six months ended June 30, 2015 and 2014, respectively. We capitalized amounts relating to compensation expense of employees direct and incremental to construction and successful leasing activities of approximately \$0.8 million and \$0.8 million for the three months ended June 30, 2015 and 2014, respectively, and approximately \$1.5 million and \$1.6 million for the six months ended June 30, 2015 and 2014, respectively. Unearned compensation representing the unvested portion of the restricted stock totaled \$13.5 million and \$10.4 million as of June 30, 2015 and December 31, 2014, respectively. We expect to recognize this unearned compensation over the next 2.8 years on a weighted-average basis.

**14. Derivative Instruments**

Currently, we use interest rate swaps to manage our interest rate risk. The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative.

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This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves.

To comply with the provisions of fair value accounting guidance, we incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we have considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by us and our counterparties. However, as of June 30, 2015, we have assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivative positions and have determined that the credit valuation adjustments are not significant to the overall valuation of our derivatives. As a result, we have determined that our derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy. We do not have any fair value measurements on a recurring basis using significant unobservable inputs (Level 3) as of June 30, 2015 or December 31, 2014.

As of June 30, 2015 and December 31, 2014, we had the following outstanding interest rate derivatives that were designated as effective cash flow hedges of interest rate risk (in thousands):

Notional Amount							Fair Value at Significant Other Observable Inputs (Level 2)	
As of June 30, 2015	As of December 31, 2014	Type of Derivative	Strike Rate	Effective Date	Expiration Date	As of June 30, 2015	As of December 31, 2014	
<b><u>Currently-paying contracts</u></b>								
\$ 335,905	\$ 410,905	Swap	0.717	Various	Various	\$ (999)	\$ (241)	
140,647	142,965	Swap	0.925	July 17, 2012	April 18, 2017	884	669	
476,552	553,870					(115)	428	
<b><u>Forward-starting contracts</u></b>								
—	150,000	Forward- starting Swap	2.091	July 15, 2014	July 15, 2019	—	(2,837)	
<b><u>Total</u></b>								
\$ 476,552	\$ 703,870					\$ (115)	\$ (2,409)	

(1) Represents the U.S. dollar tranche of the unsecured term loan.

(2) Represents a portion of the Singapore dollar tranche of the unsecured term loan. Translation to U.S. dollars is based on exchange rate of \$0.74 to 1.00 SGD as of June 30, 2015 and \$0.75 to 1.00 SGD as of December 31, 2014.

(3) In January 2014, we entered into a forward-starting five-year swap contract to protect against adverse fluctuations in interest rates by reducing our exposure to variability in cash flows relating to interest payments on a forecasted issuance of debt. The accrual period of the swap contract was designed to match the tenor of the planned debt issuance. In the fourth quarter of 2014, changes in the forecasted transaction resulted in the discontinuation of cash flow hedge accounting. As such, changes in the fair value of the forward starting swap were recognized in earnings, within the other income (expense) line item. During the three months ended March 31, 2015, the total net loss recognized on the forward starting swap was approximately \$1.6 million, and on January 13, 2015, we cash settled the forward starting swap for approximately \$5.7 million, including accrued interest.

As of June 30, 2015, we estimate that an additional \$2.3 million will be reclassified as an increase to interest expense during the twelve months ended June 30, 2016, when the hedged forecasted transactions impact earnings.

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**15. Fair Value of Instruments**

We disclose fair value information about all financial instruments, whether or not recognized in the condensed consolidated balance sheets, for which it is practicable to estimate fair value. Current accounting guidance requires the Company to disclose fair value information about all financial instruments, whether or not recognized in the balance sheets, for which it is practicable to estimate fair value.

The Company's disclosures of estimated fair value of financial instruments at June 30, 2015 and December 31, 2014 were determined using available market information and appropriate valuation methods. Considerable judgment is necessary to interpret market data and develop estimated fair value. The use of different market assumptions or estimation methods may have a material effect on the estimated fair value amounts.

The carrying amounts for cash and cash equivalents, restricted cash, accounts and other receivables, accounts payable and other accrued liabilities, accrued dividends and distributions, security deposits and prepaid rents approximate fair value because of the short-term nature of these instruments. As described in Note 14 "Derivative Instruments", the interest rate swaps are recorded at fair value.

We calculate the fair value of our mortgage loans, unsecured term loan, unsecured senior notes and exchangeable senior debentures based on currently available market rates assuming the loans are outstanding through maturity and considering the collateral and other loan terms. In determining the current market rate for fixed rate debt, a market spread is added to the quoted yields on federal government treasury securities with similar maturity dates to our debt. The carrying value of our global revolving credit facility approximates fair value, due to the variability of interest rates.

As of June 30, 2015 and December 31, 2014, the aggregate estimated fair value and carrying value of our global revolving credit facility, unsecured term loan, unsecured senior notes and mortgage loans were as follows (in thousands):

	Categorization under the fair value hierarchy	As of June 30, 2015		As of December 31, 2014	
		Estimated Fair Value	Carrying Value	Estimated Fair Value	Carrying Value
Global revolving credit facility <sup>(1)</sup>	Level 2	\$ 777,013	\$ 777,013	\$ 525,951	\$ 525,951
Unsecured term loan <sup>(2)</sup>	Level 2	961,098	961,098	976,600	976,600
Unsecured senior notes <sup>(3)(4)</sup>	Level 2	3,002,157	2,856,408	2,968,073	2,791,758
Mortgage loans <sup>(3)</sup>	Level 2	391,893	374,307	399,569	378,818
		<u>\$ 5,132,161</u>	<u>\$ 4,968,826</u>	<u>\$ 4,870,193</u>	<u>\$ 4,673,127</u>

- (1) The carrying value of our global revolving credit facility approximates estimated fair value, due to the variability of interest rates and the stability of our credit ratings.
- (2) The carrying value of our unsecured term loan approximates estimated fair value, due to the variability of interest rates and the stability of our credit ratings.
- (3) Valuations for our unsecured senior notes and mortgage loans are determined based on the expected future payments discounted at risk-adjusted rates. The 2015 Notes, 2020 Notes, 2021 Notes, 3.950% 2022 Notes, 3.625% 2022 Notes, 2023 Notes and 2025 Notes are valued based on quoted market prices.
- (4) The carrying value of the 2015 Notes, 2020 Notes, 2021 Notes, 3.625% 2022 Notes, 3.950% 2022 Notes, 2023 Notes and 2025 Notes are net of discount of \$18,432 and \$15,632 in the aggregate as of June 30, 2015 and December 31, 2014, respectively.

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**16. Commitments and Contingencies****(a) Contingent liabilities**

As part of the acquisition of 29A International Business Park, an asset acquisition in 2010, the seller could earn additional consideration based on future net operating income growth in excess of certain performance targets, as defined in the agreements for the acquisition. As of December 31, 2014, certain leases executed subsequent to the acquisition caused an amount to become probable of payment and therefore approximately \$12.4 million had been accrued in accounts payable and accrued liabilities and capitalized to buildings and improvements in the condensed consolidated balance sheet as of December 31, 2014 and an earnout payment was made during the three months ended June 30, 2015 in the amount of \$17.5 million SGD (or approximately \$13.0 million based on the exchange rate on the date of payment). As of June 30, 2015, \$12.4 million had been accrued and capitalized for an additional earnout payment. The maximum amount that could be earned by the seller is \$50.0 million SGD (or approximately \$37.1 million based on the exchange rate as of June 30, 2015). The earnout contingency expires in November 2020.

One of the tenants at our Convergence Business Park property has an option to expand as part of their lease agreement, which expires in April 2017. As part of this option, development activities were not permitted on specifically identified expansion space within the property until April 2014. From April 2014 through April 2017, the tenant has the right of first refusal on any third party's bona fide offer to buy the adjacent land. If the tenant exercises their option, we may either construct and lease to the tenant an additional shell building on the expansion space at a stipulated rate of return on cost or sell the existing building and the expansion space to the tenant for a price of approximately \$24.0 million and \$225,000 per square acre, respectively, plus additional adjustments as provided in the lease.

As part of the acquisition of the Sentrum Portfolio in July 2012, the seller could earn additional consideration based on future net returns on vacant space to be developed, but not currently leased, as defined in the purchase agreement for the acquisition. The initial estimate of fair value of contingent consideration was approximately £56.5 million (or approximately \$87.6 million based on the exchange rate as of July 11, 2012, the acquisition date). We have adjusted the contingent consideration to fair value at each reporting date with changes in fair value recognized in operating income. During the six months ended June 30, 2015, we reduced the fair value by approximately £30.3 million. The adjustment was the result of an evaluation by management that no additional leases would be executed for vacant space by July 11, 2015, the contingency expiration date. At June 30, 2015, the fair value of the contingent consideration for the Sentrum Portfolio was £1.4 million (or approximately \$2.1 million based on the exchange rate as of June 30, 2015) and is currently accrued in accounts payable and other accrued expenses in the condensed consolidated balance sheet. The final payment is expected to be made by the end of 2015. We made earnout payments of approximately £3.4 million (or approximately \$5.7 million based on the exchange rates as of the date of each payment) during the six months ended June 30, 2014. We made no earnout payments during the six months ended June 30, 2015. The change in fair value of contingent consideration for Sentrum was recorded as an increase to operating expense of approximately \$0 and \$0.8 million for the three months ended June 30, 2015 and 2014, respectively. The change in fair value of contingent consideration for Sentrum was recorded as a reduction to operating expense of approximately \$43.0 million and \$2.6 million for the six months ended June 30, 2015 and 2014, respectively.

**(b) Construction Commitments**

Our properties require periodic investments of capital for tenant-related capital expenditures and for general capital improvements. From time to time in the normal course of our business, we enter into various construction contracts with third parties that may obligate us to make payments. At June 30, 2015, we had open commitments related to construction contracts of approximately \$113.4 million.

**(c) Legal Proceedings**

Although the Company is involved in legal proceedings arising in the ordinary course of business, as of June 30, 2015, the Company is not currently a party to any legal proceedings nor, to its knowledge, is any legal proceeding threatened against it that it believes would have a material adverse effect on its financial position, results of operations or liquidity.

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### **17. Subsequent Events**

On July 13, 2015, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Telx Holdings, Inc. ("Telx"), and BSR LLC, as representative of the sellers, pursuant to which the Company agreed to acquire 100% of Telx for approximately \$1.886 billion in cash, excluding transaction related expenses, subject to customary closing adjustments (the "Telx Acquisition"). The Merger Agreement contains customary representations and warranties as well as covenants by each of the parties. The Telx Acquisition is expected to close later this year, subject to the satisfaction of closing conditions, including among others the continuing accuracy of representations and warranties and compliance with covenants and agreements in the Merger Agreement.

On July 13, 2015, in connection with the execution of the Merger Agreement, the Company entered into a commitment letter, pursuant to which the initial commitment parties agreed to provide a senior unsecured bridge loan facility in the original principal amount of \$1.85 billion to fund the Telx Acquisition.

On July 14, 2015, the Company commenced an underwritten public offering of 10,500,000 shares of its common stock, all of which were offered in connection with forward sale agreements the Company entered into with certain financial institutions acting as forward purchasers (the "Forward Equity Sale"). Each of the three forward purchasers borrowed and sold approximately 3,500,000 shares of the Company's common stock in the public offering. Pursuant to the terms of the forward sale agreements, and subject to its right to elect cash or net share settlement, the Company intends to sell, upon physical settlement of such forward sale agreements, an aggregate of 10,500,000 shares of its common stock to the forward purchasers. In addition, the Company granted the underwriters a 30-day option to purchase an additional 1,575,000 shares of its common stock to cover overallocments, if any.

The Company did not receive any proceeds from the sale of its common stock by the forward purchasers. Assuming full physical settlement of the forward sale agreements (by the delivery of shares of the Company's common stock) at the initial forward sale price of \$65.28 per share and that the underwriters have not exercised their option to purchase additional shares, the Company expects to receive net proceeds of approximately \$686.4 million (after deducting fees and net estimated expenses related to the forward sale agreements and the offering), subject to certain adjustments pursuant to the forward sale agreements, upon settlement of the forward sale agreements, which settlement the Company expects will occur prior to or concurrently with the consummation of the Telx Acquisition. The Company intends to use the net proceeds from the Forward Equity Sale to fund a portion of the Telx Acquisition.

On July 22, 2015, the Company entered into a settlement agreement with former Chief Executive Officer Michael Foust, pursuant to which the parties acknowledged the cancellation of 127,644 profits interest units in the Operating Partnership held by Mr. Foust, and the Company agreed to pay Mr. Foust \$8.0 million in full satisfaction of any and all amounts owing to Mr. Foust as a result of his employment with the Company and the termination thereof. In connection with the settlement, Mr. Foust and the Company agreed to dismiss with prejudice the litigation between the parties relating to Mr. Foust's employment and termination of employment, and each party released claims against the other party. The Company previously recorded an expense of approximately \$12.7 million in connection with Mr. Foust's severance payments and expects to reverse the excess expense of approximately \$4.7 million in the three months ending September 30, 2015.

## ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the condensed consolidated financial statements and notes thereto appearing elsewhere in this report. This report contains forward-looking statements within the meaning of the federal securities laws. In particular, statements pertaining to our capital resources, expected use of proceeds from our equity distribution program and other securities offerings, expected use of borrowings under our credit facility, portfolio performance, leverage policy, acquisition and capital expenditure plans, capital recycling program, returns on invested capital, supply and demand for data center space, capitalization rates, rents to be received in future periods and expected rental rates on new or renewed data center space, as well as our discussion of “Factors Which May Influence Future Results of Operations,” contain forward-looking statements. Likewise, all of our statements regarding anticipated market conditions, demographics and results of operations are forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “approximately,” “intends,” “plans,” “pro forma,” “estimates” or “anticipates” or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and discussions which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions. 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 that may be incorrect or imprecise and that we may not be able to realize. We do not guarantee that the transactions and events described will happen as described or that they will happen at all. 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: the impact of current global economic, credit and market conditions; current local economic conditions in our metropolitan areas; decreases in information technology spending, including as a result of economic slowdowns or recession; adverse economic or real estate developments in our industry or the industry sectors that we sell to (including risks relating to decreasing real estate valuations and impairment charges); our dependence upon significant tenants; bankruptcy or insolvency of a major tenant or a significant number of smaller tenants; defaults on or non-renewal of leases by tenants; our failure to obtain necessary debt and equity financing; risks associated with using debt to fund our business activities, including re-financing and interest rate risks, our failure to repay debt when due, adverse changes in our credit ratings or our breach of covenants or other terms contained in our loan facilities and agreements; financial market fluctuations; changes in foreign currency exchange rates; our inability to manage our growth effectively; difficulty acquiring or operating properties in foreign jurisdictions; the suitability of our properties and data center infrastructure, delays or disruptions in connectivity, failure of our physical infrastructure or services or availability of power; the occurrence of any event, change or other circumstance that would compromise our ability to complete the Telx Acquisition within the expect timeframe or at all; our failure to successfully integrate and operate acquired or developed properties or businesses, including Telx; risks related to joint venture investments, including as a result of our lack of control of such investments; delays or unexpected costs in development of properties; decreased rental rates, increased operating costs or increased vacancy rates; increased competition or available supply of data center space; our inability to successfully develop and lease new properties and development space; difficulties in identifying properties to acquire and completing acquisitions; our inability to acquire off-market properties; our inability to comply with the rules and regulations applicable to reporting companies; Digital Realty Trust, Inc.’s failure to maintain its status as a REIT for federal income tax purposes; possible adverse changes to tax laws; restrictions on our ability to engage in certain business activities; environmental uncertainties and risks related to natural disasters; losses in excess of our insurance coverage; changes in foreign laws and regulations, including those related to taxation and real estate ownership and operation; and changes in local, state and federal regulatory requirements, including changes in real estate and zoning laws and increases in real property tax rates.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, new information, data or methods, future events or other changes.

The risks included here are not exhaustive, and additional factors could adversely affect our business and financial performance, including factors and risks included in other sections of this report, including under Part II, Item 1A, Risk Factors. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can we assess the impact of all such risk factors on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results.

Occupancy percentages included in the following discussion, for some of our properties, are calculated based on factors in addition to contractually leased square feet, including available power, required support space and common area.

## Overview

*Our company.* Digital Realty Trust, Inc. completed its initial public offering of common stock, or our IPO, on November 3, 2004. We believe that we have operated in a manner that has enabled us to qualify, and have elected to be treated, as a REIT under Sections 856 through 860 of the Code. Our company was formed on March 9, 2004. During the period from our formation until we commenced operations in connection with the completion of our IPO, we did not have any corporate activity other than the issuance of shares of Digital Realty Trust, Inc. common stock in connection with the initial capitalization of the company. Our operating partnership was formed on July 21, 2004.

*Business and strategy.* Our primary business objectives are to maximize: (i) sustainable long-term growth in earnings and funds from operations per share and unit, (ii) cash flow and returns to our stockholders and our operating partnership's unitholders through the payment of distributions and (iii) return on invested capital. We expect to achieve our objectives by focusing on our core business of investing in and developing technology-related real estate. A significant component of our current and future internal growth is anticipated through the development of our existing space held for development and acquisition of new properties. We target high quality, strategically located properties containing applications and operations critical to the day-to-day operations of corporate enterprise data center and technology industry tenants and properties that may be developed for such use. Most of our properties contain fully redundant electrical supply systems, multiple power feeds, above-standard cooling systems, raised floor areas, extensive in-building communications cabling and high-level security systems. We focus solely on technology-related real estate because we believe that the growth in corporate data center adoption and the technology-related real estate industry generally will continue to be superior to that of the overall economy.

As of June 30, 2015, we owned an aggregate of 132 properties, including eight properties held-for-sale and 14 properties held as investments in unconsolidated joint ventures, with approximately 24.2 million rentable square feet including approximately 1.2 million square feet of space under active development and approximately 1.3 million square feet of space held for future development. The 14 properties held as investments in unconsolidated joint ventures have an aggregate of approximately 1.9 million rentable square feet. The 14 parcels of developable land we own comprised approximately 167 acres. At June 30, 2015, approximately 1.2 million square feet was under construction for Turn-Key Flex<sup>®</sup>, Powered Base Building<sup>®</sup> and Custom Solutions products, all of which are expected to be income producing on or after completion, in three U.S. domestic metropolitan areas, two European metropolitan areas, one Canadian metropolitan area, one Australian metropolitan area and one Singapore metropolitan area, consisting of approximately 0.7 million square feet of base building construction and 0.5 million square feet of data center construction.

We have developed detailed, standardized procedures for evaluating new real estate investments to ensure that they meet our financial, technical and other criteria. We expect to continue to acquire additional assets as part of our growth strategy. We intend to aggressively manage and lease our assets to increase their cash flow. We may continue to build out our development portfolio when justified by anticipated returns.

We may acquire properties subject to existing mortgage financing and other indebtedness or we may incur new indebtedness in connection with acquiring or refinancing these properties. Debt service on such indebtedness will have a priority over any cash dividends with respect to Digital Realty Trust, Inc.'s common stock and preferred stock. We currently intend to limit our indebtedness to 60% of our total enterprise value and, based on the closing price of Digital Realty Trust, Inc. common stock on June 30, 2015 of \$66.68, our ratio of debt to total enterprise value was approximately 33%. Our total enterprise value is defined as the sum of the market value of Digital Realty Trust, Inc.'s outstanding common stock (which may decrease, thereby increasing our debt to total enterprise value ratio), excluding options issued under our company's incentive award plan, plus the liquidation value of Digital Realty Trust, Inc.'s preferred stock, plus the aggregate value of our operating partnership's units not held by Digital Realty Trust, Inc. (with the per unit value equal to the market value of one share of Digital Realty Trust, Inc. common stock and excluding long-term incentive units, Class C units and Class D units), plus the book value of our total consolidated indebtedness.

*Revenue base.* As of June 30, 2015, we owned 132 properties through our operating partnership, including 14 properties held as investments in unconsolidated joint ventures and developable land. These properties are mainly located throughout the U.S., with 23 properties located in Europe, three properties in Australia, three properties in Asia and two properties in Canada. We, through our predecessor, acquired our first portfolio property in January 2002 and have added properties through acquisition and development activities as follows:

<b>Year Ended December 31:</b>	<b>Operating Properties Acquired (1)</b>	<b>Net Rentable Square Feet(2)</b>	<b>Square Feet of Space Under Active Development as of June 30, 2015 (3)</b>	<b>Square Feet of Space Held for Future Development as of June 30, 2015 (4)</b>
2002	4	1,093,250	—	46,530
2003	5 <sup>(5)</sup>	1,005,855	—	—
2004	10 <sup>(5)</sup>	2,375,410	—	108,445
2005	19 <sup>(5)</sup>	2,822,831	—	145,122
2006	18 <sup>(5)</sup>	2,851,131	—	30,926
2007	13 <sup>(5)(6)</sup>	1,742,398	—	84,268
2008	5	463,560	—	187,344
2009	8 <sup>(7)(9)(10)</sup>	1,659,684	216,386	13,574
2010	15	2,515,494	10,086	97,026
2011	11 <sup>(8)</sup>	1,474,207	480,804	82,169
2012	15	2,657,990	174,597	337,376
2013	8	1,091,521	92,426	138,785
2014	—	—	—	—
2015	1	—	177,000	—
Operating properties owned as of June 30, 2015	132	21,753,331	1,151,299	1,271,565

- (1) Excludes properties sold: 833 Chestnut Street (April 2015), 3300 East Birch Street (March 2015), 100 Quannapowitt (February 2015), 6 Braham Street (April 2014), 100 Technology Center Drive (March 2007), 4055 Valley View Lane (March 2007) and 7979 East Tufts Avenue (July 2006). In addition, also excludes 701 & 717 Leonard Street, a parking garage located adjacent to our internet gateway data center located at 2323 Bryan Street and not considered a separate property. Also excludes a leasehold interest acquired in March 2007 related to an acquisition made in 2006. Excludes 13 developable land parcels. Includes 12 properties held in our managed portfolio of unconsolidated joint ventures consisting of 4650 Old Ironsides Drive (Silicon Valley), 2950 Zanker Road (Silicon Valley), 4700 Old Ironsides Drive (Silicon Valley), 444 Toyama Drive (Silicon Valley), 43790 Devin Shafron Drive (Northern Virginia), 21551 Beaumeade Circle (Northern Virginia), 7505 Mason King Court (Northern Virginia), 14901 FAA Boulevard (Dallas), 900 Dorothy Drive (Dallas), 636 Pierce Street (New York Metro), 43915 Devin Shafron Drive (Northern Virginia) and 33 Chun Choi Street (Hong Kong); and two properties held in our non-managed unconsolidated joint ventures consisting of 2001 Sixth Avenue (Seattle) and 2020 Fifth Avenue (Seattle).
- (2) Current net rentable square feet as of June 30, 2015, which represents the current square feet under lease as specified in the applicable lease agreements plus management's estimate of space available for lease based on engineering drawings. Includes tenants' proportional share of common areas but excludes space held for development.
- (3) Space under active development includes current base building and data center projects in progress.
- (4) Space held for future development includes space held for future data center development, and excludes space under active development.
- (5) As of June 30, 2015, there were eight properties held for sale; one was acquired in 2003, two in 2004, two in 2005, one in 2006 and two in 2007.
- (6) Includes three developed buildings (43915 Devin Shafron Drive, 43830 Devin Shafron Drive and 43790 Devin Shafron Drive) placed into service in 2010 and 2011 that are being included with a property (Devin Shafron buildings) that was acquired in 2007.
- (7) Includes a developed building (21551 Beaumeade Circle) placed into service in 2011 that is being included with a property (Beaumeade Circle Portfolio) that was acquired in 2009.
- (8) Includes four developed buildings (43940 Digital Loudoun Plaza in Northern Virginia, 3825 NW Aloclek Place in Portland, Oregon, 98 Radnor Drive in Melbourne, Australia and 1-23 Templar Road in Sydney, Australia) placed into service in 2012 and 2013 that were acquired in 2011.
- (9) 43790 Devin Shafron Drive and 21551 Beaumeade Circle, which were previously included as part of the Devin Shafron buildings and Beaumeade Circle Portfolio, respectively, are now each separately included in the property count because they were separately contributed to an unconsolidated joint venture in September 2013.
- (10) 43915 Devin Shafron Drive, which was previously included as part of the Devin Shafron buildings, is now separately included in the property count because it was separately contributed to an unconsolidated joint venture in September 2014.

As of June 30, 2015, the properties in our portfolio, including the 14 properties held as investments in unconsolidated joint ventures, were approximately 93.5% leased excluding approximately 1.2 million square feet of space under active development and approximately 1.3 million square feet of space held for future development. Due to the capital-intensive and long-term nature of the operations being supported, our lease terms are generally longer than standard commercial leases. As of June 30, 2015, our average lease term at signing is approximately 12.0 years, with an average of approximately 6.3 years remaining. Our scheduled lease expirations through December 31, 2016 are 10.0% of rentable square feet excluding month-to-month leases, space under active development and space held for future development as of June 30, 2015.

On February 5, 2015, the operating partnership sold the 100 Quannapowitt property for approximately \$31 million. The transaction after costs resulted in net proceeds of approximately \$29 million and a net gain of approximately \$10 million. The property was identified as held for sale as of December 31, 2014. 100 Quannapowitt was not a significant component of our U.S. portfolio nor does the sale represent a significant shift in our strategy.

On March 31, 2015, the operating partnership sold the 3300 East Birch Street property for approximately \$14 million. The transaction after costs resulted in net proceeds of approximately \$14 million and a net gain of approximately \$8 million. The property was identified as held for sale as of December 31, 2014. 3300 East Birch Street was not a significant component of our U.S. portfolio nor does the sale represent a significant shift in our strategy.

On April 30, 2015, the operating partnership sold the 833 Chestnut Street property for approximately \$161 million. The transaction after costs and buyer credits resulted in net proceeds of approximately \$159 million, including a \$9 million note receivable, and a net gain of approximately \$77 million. The property was identified as held for sale as of March 31, 2015. 833 Chestnut Street was not a significant component of our U.S. portfolio nor does the sale represent a significant shift in our strategy.

### ***Factors Which May Influence Future Results of Operations***

*Global market and economic conditions.* United States and international market and economic conditions in recent years have been unprecedented and challenging with tighter credit conditions and slower economic growth in many metropolitan areas in which we own properties and conduct our operations. The U.S. and global economies have experienced a recession and face continued concerns about the systemic impact of adverse economic conditions, such as high energy costs, geopolitical issues, the availability and cost of credit, unstable global financial and mortgage markets, high corporate, consumer and governmental debt levels, ongoing sovereign debt and economic issues in European countries, and high unemployment. The European debt crisis has raised concerns regarding the debt burden of certain countries using the euro as their currency and their ability to meet future financial obligations. While recent economic trends across the eurozone have been largely positive, concerns remain regarding the creditworthiness of certain European countries, which could lead to the re-introduction of individual currencies in one or more Eurozone countries. These potential developments, or market perceptions concerning these and related issues, could adversely affect our leasing and financing activities, rents we receive, potential acquisitions and development projects in Europe.

As a result of these conditions, general economic conditions and the cost and availability of capital have been and may again be adversely affected in some or all of the metropolitan areas in which we own properties and conduct our operations. Renewed or increased turbulence in the U.S., European, Asia Pacific and other international financial markets and economies may adversely affect our ability, and the ability of our tenants, to replace or renew maturing liabilities on a timely basis, access the capital markets to meet liquidity and capital expenditure requirements and may result in adverse effects on our, and our tenants', financial condition and results of operations.

In addition, our access to funds under our global revolving credit facility depends on the ability of the lenders that are parties to such facilities to meet their funding commitments to us. We cannot assure you that long-term disruptions in the global economy and the return of tighter credit conditions among, and potential failures or nationalizations of, third party financial institutions as a result of such disruptions will not have an adverse effect on our lenders. If our lenders are not able to meet their funding commitments to us, our business, results of operations, cash flows and financial condition could be adversely affected.

If we do not have sufficient cash flow to continue operating our business and are unable to borrow additional funds, access our existing lines of credit or raise equity or debt capital, we may need to source alternative ways to increase our liquidity. Such alternatives may include, without limitation, curtailing development activity, disposing of one or more of our properties possibly on disadvantageous terms or entering into or renewing leases on less favorable terms than we otherwise would.

*Foreign currency exchange risk.* For the six months ended June 30, 2015 and 2014, we had foreign operations in the United Kingdom, Ireland, France, The Netherlands, Switzerland, Canada, Singapore, Australia, Japan and Hong Kong, and, as such, are subject to risk from the effects of exchange rate movements of foreign currencies, which may affect future costs and cash

flows. Our foreign operations are conducted in the British pound sterling, Euro, Swiss franc, Australian dollar, Singapore dollar, Canadian dollar, Hong Kong dollar and the Japanese yen. Our primary currency exposures are to the British pound sterling, the Euro and the Singapore dollar. We attempt to mitigate a portion of the risk of currency fluctuation by financing our investments in the local currency denominations, although there can be no assurance that this will be effective. As a result, changes in the relation of any such foreign currency to U.S. dollars may affect our revenues, operating margins and distributions and may also affect the book value of our assets and the amount of stockholders' equity.

*Rental income.* The amount of rental income generated by the properties in our portfolio depends on several factors, including our ability to maintain or improve the occupancy rates of currently leased space and to lease currently available space and space available from lease terminations. Excluding approximately 1.2 million square feet of space under active development and approximately 1.3 million square feet of space held for future development as of June 30, 2015, the occupancy rate of the properties in our portfolio, including the 14 properties held as investments in unconsolidated joint ventures, was approximately 93.5% of our net rentable square feet.

As of June 30, 2015, we had over 650 tenants in our portfolio, including the 12 properties held in our managed portfolio of unconsolidated joint ventures. As of June 30, 2015, approximately 90% of our leases (on a rentable square footage basis) contained base rent escalations that were either fixed (generally ranging from 2% to 4%) or indexed based on a consumer price index or other similar inflation related index. We cannot assure you that these escalations will cover any increases in our costs or will otherwise keep rental rates at or above market rates.

The amount of rental income generated by us also depends on maintaining or increasing rental rates at our properties, which in turn depends on several factors, including supply and demand and market rates for data center space. Included in our approximately 20.3 million net rentable square feet, excluding space under active development and space held for future development and 14 properties held as investments in unconsolidated joint ventures, at June 30, 2015 is approximately 0.5 million square feet of data center space with extensive installed tenant improvements available for lease. Since our IPO, we have leased approximately 4.4 million square feet of similar space, including Turn-Key Flex<sup>®</sup> space. Our Turn-Key Flex<sup>®</sup> product is an effective solution for tenants who prefer to utilize a partner with the expertise or capital budget to provide extensive data center infrastructure and security. Our expertise in data center construction and operations enables us to lease space to these tenants at a premium over other uses. In addition, as of June 30, 2015, we had approximately 1.2 million square feet of space under active development and approximately 1.3 million square feet of space held for future development, or approximately 11% of the total rentable space in our portfolio, including one vacant property comprising approximately 0.1 million square feet and the 14 properties held as investments in unconsolidated joint ventures. Our ability to grow earnings depends in part on our ability to develop space and lease development space at favorable rates, which we may not be able to obtain. Development space requires significant capital investment in order to develop data center facilities that are ready for use and, in addition, we may require additional time or encounter delays in securing tenants for development space. We may purchase additional vacant properties and properties with vacant development space in the future. We will require additional capital to finance our development activities, which may not be available or may not be available on terms acceptable to us, including as a result of the conditions described above under "Global market and economic conditions."

In addition, the timing between when we sign a new lease with a tenant and when that lease commences and we begin to generate rental income may be significant and may not be easily predictable. Certain leases may provide for staggered commencement dates for additional space, the timing of which may be delayed significantly.

Economic downturns, including as a result of the conditions described above under "Global market and economic conditions," or regional downturns affecting our markets or downturns in the technology-related real estate industry that impair our ability to lease or renew or re-lease space, or otherwise reduce returns on our investments or the ability of our tenants to fulfill their lease commitments, as in the case of tenant bankruptcies, could adversely affect our ability to maintain or increase rental rates at our properties.

*Scheduled lease expirations.* Our ability to re-lease expiring space at rental rates equal to or in excess of current rental rates will impact our results of operations. In addition to approximately 1.4 million square feet of available space in our portfolio, which excludes approximately 1.2 million square feet of space under active development and approximately 1.3 million square feet of space held for future development as of June 30, 2015 and the two properties held as investments in our non-managed unconsolidated joint ventures, leases representing approximately 4.2% and 5.8% of the net rentable square footage of our portfolio are scheduled to expire during the six months ending December 31, 2015 and the year ending December 31, 2016, respectively.

During the six months ended June 30, 2015, we signed new leases totaling approximately 0.4 million square feet of space and renewal leases totaling approximately 0.7 million square feet of space. The following table summarizes our leasing activity in the six months ended June 30, 2015:

	Rentable Square Feet <sup>(1)</sup>	Expiring Rates <sup>(2)</sup>	New Rates <sup>(2)</sup>	Rental Rate Changes	TI's/Lease Commissions Per Square Foot	Weighted Average Lease Terms (years)
<b>Leasing Activity <sup>(3)(4)</sup></b>						
<b>Renewals Signed</b>						
Turn-Key Flex <sup>®</sup>	152,066	\$ 127.85	\$ 128.37	0.4%	\$ 5.49	3.5
Powered Base Building <sup>®</sup>	273,838	\$ 18.40	\$ 22.98	24.9%	\$ 3.91	5.7
Colocation	28,857	\$ 186.59	\$ 213.12	14.2%	\$ 5.77	2.1
Non-technical	250,887	\$ 17.56	\$ 18.26	4.0%	\$ 8.40	10.0
<b>New Leases Signed <sup>(5)</sup></b>						
Turn-Key Flex <sup>®</sup>	352,027	—	\$ 142.85	—	\$ 30.87	5.6
Colocation	32,668	—	\$ 230.47	—	\$ 69.02	4.4
Non-technical	10,476	—	\$ 32.13	—	\$ 7.60	5.2
<b>Leasing Activity Summary</b>						
Turn-Key Flex <sup>®</sup>	477,093	—	\$ 138.48	—	—	—
Powered Base Building <sup>®</sup>	273,838	—	\$ 22.98	—	—	—
Colocation	61,525	—	\$ 222.33	—	—	—
Non-technical	261,363	—	\$ 18.82	—	—	—

- (1) For some of our properties, we calculate square footage based on factors in addition to contractually leased square feet, including power, required support space and common area.
- (2) Rental rates represent annual estimated cash rent per rentable square foot adjusted for straight-line rents in accordance with GAAP. GAAP rental rates are inclusive of tenant concessions, if any.
- (3) Excludes short term leases.
- (4) Commencement dates for the leases signed range from 2015 to 2016.
- (5) Includes leases signed for new and re-leased space.

Our ability to re-lease or renew expiring space at rental rates equal to or in excess of current rental rates will impact our results of operations. We continue to see strong demand in most of our key markets for data center space and, subject to the supply of available data center space in these markets, expect the rental rates we are likely to achieve on any new, re-leased or renewed data center space leases for 2015 expirations on an average aggregate basis will generally be higher than the rates currently being paid for the same space on a GAAP basis and flat on a cash basis. For the six months ended June 30, 2015, rents on renewed space increased by an average of 0.4% on a GAAP basis on our Turn-Key Flex<sup>®</sup> space compared to the expiring rents and increased by an average of 24.9% on a GAAP basis on our Powered Base Building<sup>®</sup> space compared to the expiring rents. Our past performance may not be indicative of future results, and we cannot assure you that leases will be renewed or that our properties will be re-leased at all or at rental rates equal to or above the current average rental rates. Further, re-leased/renewed rental rates in a particular market may not be consistent with rental rates across our portfolio as a whole and may fluctuate from one period to another due to a number of factors, including local real estate conditions, local supply and demand for data center space, competition from other data center developers or operators, the condition of the property and whether the property, or space within the property, has been developed.

*Metropolitan area concentration.* We depend on the market for technology-based real estate in specific geographic regions and significant changes in these regional metropolitan areas can impact our future results. As of June 30, 2015, our portfolio, including the 14 properties held as investments in unconsolidated joint ventures, was geographically concentrated in the following metropolitan areas.

<b>Metropolitan Area</b>	<b>Percentage of June 30, 2015 total annualized rent (1)</b>
Northern Virginia	11.5%
London, England	11.3%
Dallas	10.1%
Silicon Valley	9.7%
New York Metro	8.6%
Chicago	7.5%
Phoenix	6.5%
San Francisco	6.1%
Singapore	3.8%
Boston	3.7%
Seattle	3.0%
Los Angeles	3.0%
Paris, France	1.9%
Other	13.3%
<b>Total</b>	<b>100.0%</b>

(1) Annualized rent is monthly contractual rent (defined as cash base rent before abatements) under existing leases as of June 30, 2015 multiplied by 12. The aggregate amount of abatements for the six months ended June 30, 2015 was approximately \$14.0 million.

*Operating expenses.* Our operating expenses generally consist of utilities, property and ad valorem taxes, property management fees, insurance and site maintenance costs, as well as rental expenses on our ground and building leases. In particular, our buildings require significant power to support the data center operations contained in them. Many of our leases contain provisions under which the tenants reimburse us for a portion of property operating expenses and real estate taxes incurred by us. However, we generally are not entitled to reimbursement of property operating expenses, other than utility expense, and real estate taxes under our leases for Turn-Key Flex<sup>®</sup> facilities. We also incur general and administrative expenses, including expenses relating to our asset management function, as well as significant legal, accounting and other expenses related to corporate governance, SEC reporting and compliance with the various provisions of the Sarbanes-Oxley Act. Increases or decreases in such operating expenses will impact our overall performance. We expect to incur additional operating expenses as we continue to expand.

*Climate change legislation.* In June 2009, the U.S. House of Representatives approved comprehensive clean energy and climate change legislation intended to cut greenhouse gas, or GHG, emissions, create new clean energy jobs and enhance the energy independence of the United States, which included a cap-and-trade program for GHG emissions. The U.S. Senate did not subsequently pass similar legislation. New climate change legislation was introduced in the U.S. Senate in 2013, but significant opposition to federal climate change legislation exists. As a result, near-term action to reduce GHG emissions likely will be focused on regulatory agencies, primarily the U.S. Environmental Protection Agency, or EPA, and state actions. The EPA has been moving aggressively to regulate GHG emissions from automobiles and large stationary sources, including electricity producers, using its own authority under the Clean Air Act. The EPA made an endangerment finding in 2009 that allows it to create regulations imposing emission reporting, permitting, control technology installation, and monitoring requirements applicable to certain emitters of GHGs, including facilities that provide electricity to our data centers, although the materiality of the impacts will not be known until all regulations are finalized.

The EPA has already finalized its GHG “reporting rule,” which requires that certain emitters, including electricity generators, monitor and report GHG emissions. The EPA has also finalized rules imposing permitting and control technology requirements upon certain newly-constructed or modified facilities which emit GHGs under the Clean Air Act New Source Review Prevention of Significant Deterioration, or NSR PSD, and Title V permitting programs. As a result, newly-issued NSR PSD or Title V permits for new or modified electricity generating and other facilities may need to address GHG emissions, including by requiring the installation of Best Available Control Technology. In addition, the EPA proposed in April 2012 a rule that would set a GHG emission standard applicable to new electricity generating units, and the EPA re-proposed the rule in September 2013. In June 2014, the EPA released a proposal to regulate carbon dioxide emissions from existing power plants and set mandatory CO<sub>2</sub> reduction targets for each state, an effort designed to achieve a thirty percent CO<sub>2</sub> emission reduction

over 2005 levels by 2030. The EPA announced in January 2015 that it plans to issue in summer 2015 final rules regulating carbon dioxide emissions from new and existing power plants. At the state level, California implemented a GHG cap-and-trade program that began imposing compliance obligations on industrial sectors, including electricity generators and importers, in January 2013. In addition, since 2005 the European Union (including the United Kingdom) has been operating under a cap-and-trade program, which directly affects the largest emitters of GHGs, including electricity producers from whom we purchase power.

The cost of electric power comprises a significant component of our operating expenses. Any additional taxation or regulation of energy use, including as a result of (i) new legislation that Congress may pass, (ii) the regulations that the EPA has proposed or finalized, (iii) regulations under legislation that states have passed or may pass, or (iv) any further reductions in the EU program could significantly increase our costs, and we may not be able to effectively pass all of these costs on to our tenants. These matters could adversely impact our business, results of operations, or financial condition.

*Interest rates.* As of June 30, 2015, we had approximately \$476.6 million of variable rate debt subject to interest rate swap agreements on certain tranches of our unsecured term loan, along with \$777.0 million and \$484.5 million of variable rate debt that was outstanding on the global revolving credit facility and the unswapped portion of the unsecured term loan, respectively. The availability of debt and equity capital may decrease as a result of the circumstances described above under “Global market and economic conditions.” The effects on commercial real estate mortgages, if available, include, but may not be limited to: higher loan spreads, tightened loan covenants, reduced loan to value ratios resulting in lower borrower proceeds and higher principal payments. Potential future increases in interest rates and credit spreads may increase our interest expense and fixed charges and negatively affect our financial condition and results of operations, potentially impacting our future access to the debt and equity capital markets. Increased interest rates may also increase the risk that the counterparties to our swap agreements will default on their obligations, which could further increase our interest expense. If we cannot obtain capital from third party sources, we may not be able to acquire or develop properties when strategic opportunities exist, satisfy our debt service obligations or pay the cash dividends to Digital Realty Trust, Inc.’s stockholders necessary to maintain its qualification as a REIT.

*Demand for data center space.* Our portfolio of properties consists primarily of technology-related real estate and data center real estate in particular. A decrease in the demand for, or increase in supply of, data center space, Internet gateway facilities or other technology-related real estate would have a greater adverse effect on our business and financial condition than if we owned a portfolio with a more diversified tenant base or less specialized use. We have invested in building out additional inventory primarily in what we anticipate will be our active major metropolitan areas prior to having executed leases with respect to this space. We believe that demand continues to exceed supply in most metropolitan areas in which we operate, particularly in Dallas, Northern Virginia and Dublin. However, until this inventory is leased up, which will depend on a number of factors, including available data center space in these metropolitan areas, our return on invested capital is negatively impacted. Our development activities make us particularly susceptible to general economic slowdowns, including recessions and the other circumstances described above under “Global market and economic conditions,” as well as adverse developments in the corporate data center, Internet and data communications and broader technology industries. Any such slowdown or adverse development could lead to reduced corporate IT spending or reduced demand for data center space. Reduced demand could also result from business relocations, including to metropolitan areas that we do not currently serve. Changes in industry practice or in technology, such as virtualization technology, more efficient computing or networking devices, or devices that require higher power densities than today’s devices, could also reduce demand for the physical data center space we provide or make the tenant improvements in our facilities obsolete or in need of significant upgrades to remain viable. In addition, the development of new technologies, the adoption of new industry standards or other factors could render many of our tenants’ current products and services obsolete or unmarketable and contribute to a downturn in their businesses, thereby increasing the likelihood that they default under their leases, become insolvent or file for bankruptcy. In addition, demand for data center space in our properties, or the rates at which we lease space, may be adversely impacted either across our portfolio or in specific metropolitan areas as a result of an increase in the number of competitors, or the amount of space being offered in our metropolitan areas and other metropolitan areas by our competitors.

*Pending Telx Acquisition.* We believe that the Telx Acquisition will provide a number of strategic and financial benefits, including providing us a leading colocation and interconnection platform, a premium connectivity infrastructure and enhanced growth potential in attractive locations. However, there can be no assurance that the Telx Acquisition will be completed on a timely basis or at all. Even if the Telx Acquisition is completed, we may not realize the intended benefits or it may disrupt our plans and operations. In addition, we may be subject to unknown or contingent liabilities related to Telx for which we may have no or limited recourse against the sellers.

### ***Critical Accounting Policies***

Our discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP. The preparation of these financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses in the reporting period. Our actual results may differ from these estimates. We have provided a summary of our significant accounting policies in Item 1, Note 2 “Summary of Significant Accounting Policies” in the Notes to Condensed Consolidated Financial Statements. We describe below those accounting policies that require material subjective or complex judgments and that have the most significant impact on our financial condition and consolidated results of operations. Our management evaluates these estimates on an ongoing basis, based upon information currently available and on various assumptions management believes are reasonable as of the date on the front cover of this report.

#### ***Investments in Real Estate***

***Acquisition of real estate.*** The price that we pay to acquire a property is impacted by many factors including the condition of the property and improvements, the occupancy of the building, the term and rate of in-place leases, the creditworthiness of the tenants, favorable or unfavorable financing, above or below-market ground leases and numerous other factors.

Accordingly, we are required to make subjective assessments to allocate the purchase price paid to acquire investments in real estate among the identifiable assets including intangibles and liabilities assumed based on our estimate of the fair value of such assets and liabilities. This includes determining the value of the property and improvements, land, ground leases, if any, and tenant improvements. Additionally, we evaluate the value of in-place leases on occupancy and market rent, the value of the tenant relationships, the value (or negative value) of above (or below) market leases, any debt or deferred taxes assumed from the seller or loans made by the seller to us and any building leases assumed from the seller. Each of these estimates requires a great deal of judgment and some of the estimates involve complex calculations. These allocation assessments have a direct impact on our results of operations. For example, if we were to allocate more value to land, there would be no depreciation with respect to such amount. If we were to allocate more value to the property as opposed to allocating to the value of in-place tenant leases, this amount would be recognized as an expense over a much longer period of time. This potential effect occurs because the amounts allocated to property are depreciated over the estimated lives of the property whereas amounts allocated to in-place tenant leases are amortized over the estimated term (including renewal and extension assumptions) of the leases. Additionally, the amortization of the value (or negative value) assigned to above (or below) market rate leases is recorded as an adjustment to rental revenue as compared to amortization of the value of in-place tenant leases and tenant relationships, which is included in depreciation and amortization in our condensed consolidated income statements.

From time to time, we will receive offers for sale of our properties, either solicited or unsolicited. For those offers that are accepted, the prospective buyer will usually require a due diligence period before consummation of the transaction. It is not unusual for matters to arise that result in the withdrawal or rejection of the offer during this process. We classify real estate as “held for sale” when all criteria under the GAAP guidance has been met.

***Capitalization of costs.*** Direct and indirect project costs that are clearly associated with the development of properties are capitalized as incurred. Project costs include all costs directly associated with the development of a property, including construction costs, interest, property taxes, insurance, legal fees and costs of personnel working on the project. Indirect costs that do not clearly relate to the projects under development are not capitalized and are charged to expense as incurred.

Capitalization of costs begins when the activities necessary to get the development project ready for its intended use begin, which include costs incurred before the beginning of construction. Capitalization of costs ceases when the development project is substantially complete and ready for its intended use. Determining when a development project commences, and when it is substantially complete and ready for its intended use involves a degree of judgment. We generally consider a development project to be substantially complete and ready for its intended use upon receipt of a certificate of occupancy. If and when development of a property is suspended pursuant to a formal change in the planned use of the property, we will evaluate whether the accumulated costs exceed the estimated value of the project and write off the amount of any such excess accumulated costs. For a development project that is suspended for reasons other than a formal change in the planned use of such property, the accumulated project costs are evaluated for impairment consistent with our impairment policies for long-lived assets. Capitalized costs are allocated to the specific components of a project that are benefited.

***Useful lives of assets.*** We are required to make subjective assessments as to the useful lives of our properties for purposes of determining the amount of depreciation to record on an annual basis with respect to our investments in real estate. These assessments have a direct impact on our net income because if we were to shorten the expected useful lives of our investments in real estate we would depreciate such investments over fewer years, resulting in more depreciation expense and lower net income on an annual basis.

*Asset impairment evaluation.* We review each of our properties for indicators that its carrying amount may not be recoverable. Examples of such indicators may include a significant decrease in the market price of the property, a change in the expected holding period for the property, a significant adverse change in the extent or manner in which the property is being used in its physical condition or expected to be used based on the underwriting at the time of acquisition, an accumulation of costs significantly in excess of the amount originally expected for the acquisition or development of the property, or a history of operating or cash flow losses of the property. When such impairment indicators exist, we review an estimate of the future undiscounted net cash flows (excluding interest charges) expected to result from the real estate investment's use and eventual disposition and compare that estimate to the carrying value of the property. We consider factors such as future operating income, trends and prospects, as well as the effects of leasing demand, competition and other factors. If our future undiscounted net cash flow evaluation indicates that we are unable to recover the carrying value of a real estate investment, an impairment loss is recorded to the extent that the carrying value exceeds the estimated fair value of the property. These losses have a direct impact on our net income because recording an impairment loss results in an immediate negative adjustment to net income. The evaluation of anticipated cash flows is highly subjective and is based in part on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results in future periods. Since cash flows on properties considered to be long-lived assets to be held and used are considered on an undiscounted basis to determine whether the carrying value of a property is recoverable, our strategy of holding properties over the long-term directly decreases the likelihood of their carrying values not being recoverable and therefore requiring the recording of an impairment loss. If our strategy changes or market conditions otherwise dictate an earlier sale date, an impairment loss may be recognized and such loss could be material. If we determine that the asset fails the recoverability test, the affected assets must be reduced to their fair value.

We generally estimate the fair value of rental properties utilizing a discounted cash flow analysis that includes projections of future revenues, expenses and capital improvement costs that a market participant would use based on the highest and best use of the asset, which is similar to the income approach that is commonly utilized by appraisers. In certain cases, we may supplement this analysis by obtaining outside broker opinions of value.

#### *Revenue Recognition*

Rental revenue is recognized using the straight-line method over the terms of the tenant leases. Deferred rents included in our condensed consolidated balance sheets represent the aggregate excess of rental revenue recognized to date on a straight-line basis versus the contractual rental payments under the terms of the leases. Many of our leases contain provisions under which the tenants reimburse us for a portion of property operating expenses and real estate taxes incurred by us. However, we generally are not entitled to reimbursement of property operating expenses, other than utility expense, and real estate taxes under our leases for Turn-Key Flex<sup>®</sup> facilities. Such reimbursements are recognized in the period that the expenses are incurred. Lease termination fees are recognized over the remaining term of the lease, effective as of the date the lease modification is finalized, assuming collection is not considered doubtful. As discussed above, we recognize amortization of the value of acquired above or below-market tenant leases as a reduction of rental revenue in the case of above-market leases or an increase to rental revenue in the case of below-market leases.

We must make subjective estimates as to when our revenue is earned and the collectability of our accounts receivable related to minimum rent, deferred rent, expense reimbursements, lease termination fees and other income. We specifically analyze accounts receivable and historical bad debts, tenant concentrations, tenant creditworthiness and current economic trends when evaluating the adequacy of the allowance for bad debts. These estimates have a direct impact on our net revenue because a higher bad debt allowance would result in lower net revenue, and recognizing rental revenue as earned in one period versus another would result in higher or lower net revenue for a particular period.

#### *Share-Based Awards*

We recognize compensation expense related to share-based awards. We generally amortize this compensation expense over the vesting period of the award. The calculation of the fair value of share-based awards is subjective and requires several assumptions over such items as expected stock volatility, dividend payments and future company results. These assumptions have a direct impact on our net income because a higher share-based awards amount would result in lower net income for a particular period.

*Recently Issued Accounting Pronouncements*

In February 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis, which provides guidance on the consolidation evaluation for reporting organizations that are required to evaluate whether they should consolidate certain legal entities. In accordance with the guidance, all legal entities are subject to reevaluation under the revised consolidation model. The guidance is effective in the first quarter of 2016, and early adoption is permitted. We are currently evaluating the potential impact of the adoption of ASU 2015-02 on our consolidated financial statements.

On April 1, 2015, the FASB voted to defer the effective date of ASU No. 2014-09, which outlines a single comprehensive model for entities to use in accounting for revenues arising from contracts with customers and notes that lease contracts with customers are a scope exception. Public business entities may elect to adopt the amendments as of the original effective date; however, if the proposed deferral is approved, adoption is required for annual reporting periods beginning after December 15, 2017. We are currently assessing the impact of the guidance on our consolidated financial statements.

On April 17, 2015, the FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which requires debt issuance costs to be presented in the balance sheet as a direct deduction from the associated debt liability. Currently, debt issuance costs are recorded as an asset and amortization of these deferred financing costs is recorded in interest expense. Under the new standard, debt issuance costs will continue to be amortized over the life of the debt instrument and amortization will continue to be recorded in interest expense. The new standard is effective for us on January 1, 2016 and will be applied on a retrospective basis. We are currently evaluating ASU 2015-03, and anticipate a change in our presentation only since the standard does not alter the accounting for debt issuance costs.

### Results of Operations

The discussion below relates to our financial condition and results of operations for the three and six months ended June 30, 2015 and 2014. A summary of our operating results for the three and six months ended June 30, 2015 and 2014 is as follows (in thousands).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
<b>Income Statement Data:</b>				
Total operating revenues	\$ 420,295	\$ 401,446	\$ 826,904	\$ 792,036
Total operating expenses	(313,242)	(308,993)	(570,533)	(609,576)
Operating income	107,053	92,453	256,371	182,460
Other income (expenses), net	30,944	(31,121)	3,951	(74,411)
Net income	\$ 137,997	\$ 61,332	\$ 260,322	\$ 108,049

Our property portfolio has experienced consistent and significant growth since the first property acquisition in January 2002. As a result of this growth, our period-to-period comparison of our financial performance focuses on the impact on our revenues and expenses on a stabilized portfolio basis. Our stabilized portfolio includes properties owned as of December 31, 2013 with less than 5% of total rentable square feet under development and excludes properties that were undergoing, or were expected to undergo, development activities in 2014-2015 and properties sold or contributed to joint ventures.

We acquired the following real estate properties during the six months ended June 30, 2015:

Location	Metropolitan Area	Date Acquired	Amount (in millions) <sup>(1)</sup>
Deer Park 3 <sup>(2)</sup>	Melbourne	April 15, 2015	\$ 1.6
3 Loyang Way <sup>(3)(4)</sup>	Singapore	June 25, 2015	45.0
			\$ 46.6

(1) Purchase price in U.S. dollars and excludes capitalized closing costs on land acquisitions. Purchase prices for acquisitions outside the United States are based on the exchange rate at the date of acquisition.

(2) Represents currently vacant land which is not included in our operating property count.

(3) Represents a development property with an existing shell, which is included in our operating property count. This acquisition lacked key inputs to qualify as a business combination under purchase accounting guidance, and has therefore been accounted for as an asset acquisition, not a business combination.

(4) Property is subject to a ground lease, which expires in February 2024, with a renewal provision of an additional 28 years upon satisfaction of certain requirements.

#### Comparison of the Three and Six Months Ended June 30, 2015 to the Three and Six Months Ended June 30, 2014

##### Portfolio

As of June 30, 2015, our portfolio consisted of 132 properties, including 14 properties held as investments in unconsolidated joint ventures and developable land, with an aggregate of 24.2 million rentable square feet including 1.2 million square feet of space under active development and 1.3 million square feet of space held for future development compared to a portfolio consisting of 132 properties, including 13 properties held as investments in unconsolidated joint ventures and developable land, with an aggregate of 24.4 million rentable square feet including 1.4 million square feet of space under active development and 1.3 million square feet of space held for future development as of June 30, 2014. The changes in our portfolio reflect the acquisition of one property (in addition, two properties were placed into service in 2015 developed on land parcels which were acquired prior to January 1, 2014) and the sale of three properties during the twelve months ended June 30, 2015.

### Revenues

Total operating revenues for the three and six months ended June 30, 2015 and 2014 were as follows (in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2015	2014	Change	2015	2014	Change
Rental	\$ 330,676	\$ 313,420	\$ 17,256	\$ 649,842	\$ 619,206	\$ 30,636
Tenant reimbursements	87,572	85,687	1,885	173,401	169,308	4,093
Fee income	1,549	1,466	83	3,163	2,649	514
Other	498	873	(375)	498	873	(375)
Total operating revenues	\$ 420,295	\$ 401,446	\$ 18,849	\$ 826,904	\$ 792,036	\$ 34,868

The following table shows revenues for the three and six months ended June 30, 2015 and 2014 for stabilized properties and pre-stabilized properties (all other properties) (in thousands).

	Stabilized			Pre-Stabilized		
	Three Months Ended June 30,			Three Months Ended June 30,		
	2015	2014	Change	2015	2014	Change
Rental	\$ 196,637	\$ 197,836	\$ (1,199)	\$ 134,039	\$ 115,584	\$ 18,455
Tenant reimbursements	53,511	54,628	(1,117)	34,061	31,059	3,002
Fee income	871	1,305	(434)	678	161	517
Other	498	—	498	—	873	(873)
Total operating revenues	\$ 251,517	\$ 253,769	\$ (2,252)	\$ 168,778	\$ 147,677	\$ 21,101

	Stabilized			Pre-stabilized		
	Six Months Ended June 30,			Six Months Ended June 30,		
	2015	2014	Change	2015	2014	Change
Rental	\$ 390,617	\$ 394,476	\$ (3,859)	\$ 259,225	\$ 224,730	\$ 34,495
Tenant reimbursements	105,792	109,502	(3,710)	67,609	59,806	7,803
Fee income	1,743	2,077	(334)	1,420	572	848
Other	498	—	498	—	873	(873)
Total operating revenues	\$ 498,650	\$ 506,055	\$ (7,405)	\$ 328,254	\$ 285,981	\$ 42,273

Stabilized rental revenues and tenant reimbursement revenues decreased for the three and six months ended June 30, 2015 compared to the same periods in 2014 primarily as a result of the British pound sterling and Euro weakening against the U.S. dollar.

Pre-stabilized revenue increases were a result of new leases at our properties during the twelve months ended June 30, 2015, primarily leases of completed development space, the largest of which were for space at 43940 Digital Loudoun Plaza, 29A International Business Park, 44060 Digital Loudoun Plaza, 2121 South Price Road and 850 East Collins offset by certain international properties that were affected by the British pound sterling and Euro weakening against the U.S. dollar.

*Operating Expenses and Interest Expense*

Operating expenses and interest expense during the three and six months ended June 30, 2015 and 2014 were as follows (in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2015	2014	Change	2015	2014	Change
Rental property operating and maintenance	\$ 129,539	\$ 126,796	\$ 2,743	\$ 254,102	\$ 244,692	\$ 9,410
Property taxes	20,900	20,595	305	44,163	42,720	1,443
Insurance	2,154	1,896	258	4,309	4,318	(9)
Change in fair value of contingent consideration	352	766	(414)	(42,682)	(2,637)	(40,045)
Depreciation and amortization	131,524	137,092	(5,568)	260,597	267,712	(7,115)
General and administrative	25,613	20,321	5,292	46,807	50,999	(4,192)
Transactions	3,166	755	2,411	3,259	836	2,423
Other	(6)	772	(778)	(22)	936	(958)
Total operating expenses	\$ 313,242	\$ 308,993	\$ 4,249	\$ 570,533	\$ 609,576	\$ (39,043)
Interest expense	\$ 46,114	\$ 49,146	\$ (3,032)	\$ 91,580	\$ 96,520	\$ (4,940)

The following table shows expenses for the three and six months ended June 30, 2015 and 2014 for stabilized properties and pre-stabilized properties (all other properties) (in thousands).

	Stabilized			Pre-stabilized		
	Three Months Ended June 30,			Three Months Ended June 30,		
	2015	2014	Change	2015	2014	Change
Rental property operating and maintenance	\$ 74,065	\$ 76,437	\$ (2,372)	\$ 55,474	\$ 50,359	\$ 5,115
Property taxes	12,399	13,677	(1,278)	8,501	6,918	1,583
Insurance	1,464	1,196	268	690	700	(10)
Change in fair value of contingent consideration	—	—	—	352	766	(414)
Depreciation and amortization	74,715	80,535	(5,820)	56,809	56,557	252
General and administrative (1)	25,613	20,321	5,292	—	—	—
Transactions (2)	—	—	—	3,166	755	2,411
Other	4	144	(140)	(10)	628	(638)
Total operating expenses	\$ 188,260	\$ 192,310	\$ (4,050)	\$ 124,982	\$ 116,683	\$ 8,299
Interest expense (3)	\$ 26,919	\$ 29,627	\$ (2,708)	\$ 19,195	\$ 19,519	\$ (324)

	Stabilized			Pre-stabilized		
	Six Months Ended June 30,			Six Months Ended June 30,		
	2015	2014	Change	2015	2014	Change
Rental property operating and maintenance	\$ 144,665	\$ 148,700	\$ (4,035)	\$ 109,437	\$ 95,992	\$ 13,445
Property taxes	27,077	27,750	(673)	17,086	14,970	2,116
Insurance	2,894	2,913	(19)	1,415	1,405	10
Change in fair value of contingent consideration	—	—	—	(42,682)	(2,637)	(40,045)
Depreciation and amortization	149,848	158,035	(8,187)	110,749	109,677	1,072
General and administrative (1)	46,807	50,999	(4,192)	—	—	—
Transactions (2)	—	—	—	3,259	836	2,423
Other	4	287	(283)	(26)	649	(675)
<b>Total operating expenses</b>	<b>\$ 371,295</b>	<b>\$ 388,684</b>	<b>\$ (17,389)</b>	<b>\$ 199,238</b>	<b>\$ 220,892</b>	<b>\$ (21,654)</b>
Interest expense (3)	\$ 54,114	\$ 63,288	\$ (9,174)	\$ 37,466	\$ 33,232	\$ 4,234

- (1) General and administrative expenses are included in stabilized properties as they are not allocable to specific properties.
- (2) Transaction expenses are included entirely in pre-stabilized properties as they are not allocable to stabilized properties.
- (3) Interest expense on our global revolving credit facility and unsecured term loan is recorded on a specific property basis.

Stabilized rental property operating and maintenance expenses decreased approximately \$2.4 million and \$4.0 million in the three and six months ended June 30, 2015, respectively, compared to the same periods in 2014 primarily as a result of the British pound sterling and Euro weakening against the U.S. dollar.

Stabilized property taxes decreased by approximately \$1.3 million and \$0.7 million in the three and six months ended June 30, 2015, respectively, compared to the same periods in 2014, primarily as a result of successful appeals for taxes at two properties in Texas within the stabilized pool.

Stabilized depreciation and amortization expense decreased approximately \$5.8 million and \$8.2 million in the three and six months ended June 30, 2015, respectively, compared to the same periods in 2014, principally because of assets at certain properties being fully amortized during 2014 along with depreciation adjustments made in 2014.

General and administrative expenses increased by approximately \$5.3 million in the three months ended June 30, 2015 compared to the same period in 2014 primarily due to the growth of our company, with an increase in headcount from 2014 to 2015, resulting in additional compensation, along with higher professional fees and marketing expenses. General and administrative expenses decreased by approximately \$4.2 million in the six months ended June 30, 2015 compared to the same period in 2014 primarily due to the \$12.7 million severance related to the departure of our former Chief Executive Officer, Michael Foust, recorded in the six months ended June 30, 2014, partially offset by higher expenses in 2015 due to the growth of our company, with an increase in headcount from 2014 to 2015, resulting in additional compensation, along with higher professional fees and marketing expenses. The severance was determined in accordance with the non-cause termination provisions of Mr. Foust's existing employment agreement and applicable equity award agreements with the company.

Stabilized interest expense decreased approximately \$2.7 million and \$9.2 million for the three and six months ended June 30, 2015, respectively, as compared to the same periods in 2014 primarily as a result of the redemption of the 2015 Notes, and, for the six months ended June 30, 2015, the redemption of the 2029 Debentures.

Pre-stabilized rental property operating and maintenance expenses increased by approximately \$5.1 million and \$13.4 million in the three and six months ended June 30, 2015, respectively, compared to the same periods in 2014 primarily as a result of higher consumption and utility rates in several of our properties along with development projects being placed into service leading to higher utility expense in 2015 along with general maintenance increases from completed inventory.

Pre-stabilized property tax expense increased approximately \$1.6 million and \$2.1 million in the three and six months ended June 30, 2015, respectively, compared to the same periods in 2014, principally as a result of reassessed value increases at five properties within the pre-stabilized pool.

Pre-stabilized depreciation and amortization expense increased approximately \$0.3 million and \$1.1 million in the three and six months ended June 30, 2015, respectively, compared to the same periods in 2014, principally because of depreciation of development projects that were placed into service in late 2014 and during 2015.

Pre-stabilized interest expense decreased approximately \$0.3 million for the three months ended June 30, 2015 as compared to the same period in 2014 primarily as a result of lower average outstanding debt balances due to the paydown of secured term debt in September 2014. Pre-stabilized interest expense increased approximately \$4.2 million for the six months ended June 30, 2015 as compared to the same period in 2014 primarily as a result of interest expense on our 2023 Notes, which were issued in April 2014.

### ***Impairment of Investments in Real Estate***

We are in the process of identifying certain non-core investment properties we intend to sell as part of our capital recycling strategy. Our capital recycling program is designed to identify non-strategic and underperforming assets that can be sold to generate proceeds that will support the funding of our core investment activity. We expect our capital recycling initiative will likewise have a meaningfully positive impact on overall return on invested capital. During this process, we are evaluating the carrying value of certain investment properties identified for potential sale to ensure the carrying value is recoverable in light of a potentially shorter holding period. As a result of our evaluation, during the year ended December 31, 2014, we recognized \$126.5 million of impairment losses on five properties located in the Midwest, Northeast and West regions. As of June 30, 2015, three of these properties met the criteria to be classified as held for sale.

### ***Gain on Sale of Properties***

During the six months ended June 30, 2015, we recognized a gain on sale of properties of \$94.5 million related to the dispositions of 100 Quannapowitt, which sold for \$31.1 million in February 2015, 3300 East Birch Street, which sold for \$14.2 million in March 2015 and 833 Chestnut Street, which sold for \$161.0 million in April 2015.

### ***Gain on Contribution of Properties to Unconsolidated Joint Ventures***

During the six months ended June 30, 2014, we recognized a gain of \$1.9 million related to the contribution of one property to our unconsolidated joint venture with the PREI® fund in March 2014. The transaction generated net proceeds of approximately \$11.4 million and we retained a 20% interest in the joint venture.

### ***Liquidity and Capital Resources of the Parent Company***

In this “Liquidity and Capital Resources of the Parent Company” section and in the “Liquidity and Capital Resources of the Operating Partnership” section below, the term, our “parent company”, refers to Digital Realty Trust, Inc. on an unconsolidated basis, excluding our operating partnership.

#### ***Analysis of Liquidity and Capital Resources***

Our parent company’s business is operated primarily through our operating partnership of which our parent company is the sole general partner and which it consolidates for financial reporting purposes. Because our parent company operates on a consolidated basis with our operating partnership, the section entitled “Liquidity and Capital Resources of the Operating Partnership” should be read in conjunction with this section to understand the liquidity and capital resources of our parent company on a consolidated basis and how our company is operated as a whole.

Our parent company issues public equity from time to time, but does not otherwise generate any capital itself or conduct any business itself, other than incurring certain expenses in operating as a public company which are fully reimbursed by the operating partnership. Our parent company itself does not hold any indebtedness other than guarantees of the indebtedness of our operating partnership and certain of its subsidiaries, and its only material asset is its ownership of partnership interests of our operating partnership. Therefore, the consolidated assets and liabilities and the consolidated revenues and expenses of our parent company and our operating partnership are the same on their respective financial statements, except for immaterial differences related to cash, other assets and accrued liabilities that arise from public company expenses paid by our parent company. However, all debt is held directly or indirectly at the operating partnership level. Our parent company’s principal funding requirement is the payment of dividends on its common and preferred shares. Our parent company’s principal source of funding for its dividend payments is distributions it receives from our operating partnership.

As the sole general partner of our operating partnership, our parent company has the full, exclusive and complete responsibility for our operating partnership’s day-to-day management and control. Our parent company causes our operating partnership to distribute such portion of its available cash as our parent company may in its discretion determine, in the manner provided in

our operating partnership's partnership agreement. Our parent company receives proceeds from its equity issuances from time to time, but is generally required by our operating partnership's partnership agreement to contribute the proceeds from its equity issuances to our operating partnership in exchange for partnership units of our operating partnership.

Our parent company is a well-known seasoned issuer with an effective shelf registration statement filed on April 20, 2015, which allows our parent company to register an unspecified amount of various classes of equity securities. As circumstances warrant, our parent company may issue equity from time to time on an opportunistic basis, dependent upon market conditions and available pricing. Any proceeds from such equity issuances would be generally contributed to our operating partnership in exchange for additional equity interests in our operating partnership. Our operating partnership may use the proceeds to acquire additional properties, to fund development opportunities and for general working capital purposes, including potentially for the repurchase, redemption or retirement of outstanding debt or equity securities.

The liquidity of our parent company is dependent on our operating partnership's ability to make sufficient distributions to our parent company. The primary cash requirement of our parent company is its payment of dividends to its stockholders. Our parent company also guarantees our operating partnership's, as well as certain of its subsidiaries', unsecured debt. If our operating partnership or such subsidiaries fail to fulfill their debt requirements, which trigger parent company guarantee obligations, then our parent company will be required to fulfill its cash payment commitments under such guarantees. However, our parent company's only asset is its investment in our operating partnership.

We believe our operating partnership's sources of working capital, specifically its cash flow from operations, and funds available under its global revolving credit facility are adequate for it to make its distribution payments to our parent company and, in turn, for our parent company to make its dividend payments to its stockholders. However, we cannot assure you that our operating partnership's sources of capital will continue to be available at all or in amounts sufficient to meet its needs, including making distribution payments to our parent company. The lack of availability of capital could adversely affect our operating partnership's ability to pay its distributions to our parent company, which would in turn, adversely affect our parent company's ability to pay cash dividends to its stockholders.

Digital Realty Trust, Inc. entered into equity distribution agreements in June 2011, which we refer to as the 2011 Equity Distribution Agreements, with each of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc. and Morgan Stanley & Co. LLC, or the Agents, under which it can issue and sell shares of its common stock having an aggregate offering price of up to \$400.0 million from time to time through, at its discretion, any of the Agents as its sales agents. The sales of common stock made under the 2011 Equity Distribution Agreements will be made in "at the market" offerings as defined in Rule 415 of the Securities Act. Cumulatively through June 30, 2015, Digital Realty Trust, Inc. has generated net proceeds of approximately \$342.7 million from the issuance of approximately 5.7 million common shares under the 2011 Equity Distribution Agreements at an average price of \$60.35 per share after payment of approximately \$3.5 million of commissions to the sales agents and before offering expenses. No sales were made under the program during the six months ended June 30, 2015 and 2014. As of June 30, 2015, shares of common stock having an aggregate offering price of \$53.8 million remained available for offer and sale under the program.

On January 20, 2015, the operating partnership repaid \$50.0 million of 4.57% Series D unsecured notes under the Prudential shelf facility at maturity.

On February 3, 2015, the operating partnership repaid \$17.0 million of 4.50% Series F unsecured notes under the Prudential shelf facility at maturity.

On May 26, 2015, the operating partnership redeemed \$375.0 million, the entire outstanding principal amount, of its 2015 Notes, at a redemption price of 100% of the principal amount of the 2015 Notes plus accrued and unpaid interest thereon up to, but excluding, the redemption date.

On June 23, 2015, the operating partnership issued \$500.0 million in aggregate principal amount of notes, maturing on July 1, 2022 with an interest rate of 3.950% per annum. The public offering price was 99.236% of the principal amount. The 3.950% 2022 Notes are general unsecured senior obligations of the operating partnership, rank equally in right of payment with all other senior unsecured indebtedness of the operating partnership and are fully and unconditionally guaranteed by Digital Realty Trust, Inc. Interest on the 3.950% 2022 Notes is payable on January 1 and July 1 of each year, beginning on January 1, 2016. The net proceeds from the offering after deducting the original issue discount of approximately \$3.8 million and underwriting commissions and expenses of approximately \$4.4 million was approximately \$491.8 million. The operating partnership will use the net proceeds from the offering of the notes to fund certain eligible green projects, including the development and redevelopment of such projects. Pending such uses, the operating partnership temporarily repaid borrowings under its global revolving credit facility.

### *Future Uses of Cash*

Our parent company may from time to time seek to retire, redeem or repurchase its equity or the debt securities of our operating partnership through cash purchases and/or exchanges for equity securities in open market purchases, privately negotiated transactions or otherwise. Such repurchases, redemptions or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions or other factors. The amounts involved may be material.

We are also subject to the commitments discussed below under “Dividends and Distributions.”

### *Dividends and Distributions*

Our parent company is required to distribute 90% of its taxable income (excluding capital gains) on an annual basis in order for it to continue to qualify as a REIT for federal income tax purposes. Accordingly, our parent company intends to make, but is not contractually bound to make, regular quarterly distributions to its common stockholders from cash flow from our operating partnership’s operating activities. While historically our parent company has satisfied this distribution requirement by making cash distributions to its stockholders, it may choose to satisfy this requirement by making distributions of cash or other property. All such distributions are at the discretion of our parent company’s board of directors. Our parent company considers market factors and our operating partnership’s performance in addition to REIT requirements in determining distribution levels. Our parent company has distributed at least 100% of its taxable income annually since inception to minimize corporate level federal income taxes. Amounts accumulated for distribution to stockholders are invested primarily in interest-bearing accounts and short-term interest-bearing securities, which are consistent with our intention to maintain our parent company’s status as a REIT.

As a result of this distribution requirement, our operating partnership cannot rely on retained earnings to fund its on-going operations to the same extent that other companies whose parent companies are not REITs can. Our parent company may need to continue to raise capital in the debt and equity markets to fund our operating partnership’s working capital needs, as well as potential developments at new or existing properties, acquisitions or investments in existing or newly created joint ventures. In addition, our parent company may be required to use borrowings under our operating partnership’s global revolving credit facility, if necessary, to meet REIT distribution requirements and maintain our parent company’s REIT status.

Our parent company has declared and paid the following dividends on its common and preferred stock for the six months ended June 30, 2015 (in thousands, except per share amounts):

<u>Date dividend declared</u>	<u>Dividend payment date</u>	<u>Series E Preferred Stock</u>	<u>Series F Preferred Stock</u>	<u>Series G Preferred Stock</u>	<u>Series H Preferred Stock</u>	<u>Common Stock</u>
February 25, 2015	March 31, 2015	\$ 5,031	\$ 3,023	\$ 3,672	\$ 6,730	\$ 115,419
May 12, 2015	June 30, 2015	5,031	3,023	3,672	6,730	115,458
		<u>\$ 10,062</u>	<u>\$ 6,046</u>	<u>\$ 7,344</u>	<u>\$ 13,460</u>	<u>\$ 230,877</u>
<b>Annual rate of dividend per share</b>		<u>\$ 1.750</u>	<u>\$ 1.656</u>	<u>\$ 1.469</u>	<u>\$ 1.844</u>	<u>\$ 3.400</u>

Distributions out of our parent company’s current or accumulated earnings and profits are generally classified as dividends whereas distributions in excess of our company’s current and accumulated earnings and profits, to the extent of a stockholder’s U.S. federal income tax basis in our parent company’s stock, are generally classified as a return of capital. Distributions in excess of a stockholder’s U.S. federal income tax basis in our parent company’s stock are generally characterized as capital gain. Cash provided by operating activities has been generally sufficient to fund distributions on an annual basis; however, we may also need to utilize borrowings under the global revolving credit facility to fund distributions.

### *Liquidity and Capital Resources of the Operating Partnership*

In this “Liquidity and Capital Resources of the Operating Partnership” section, the terms “we”, “our” and “us” refer to our operating partnership together with its consolidated subsidiaries or our operating partnership and our parent company together with their consolidated subsidiaries, as the context requires.

### *Analysis of Liquidity and Capital Resources*

Our parent company is our sole general partner and consolidates our results of operations for financial reporting purposes. Because we operate on a consolidated basis with our parent company, the section entitled “Liquidity and Capital Resources of the Parent Company” should be read in conjunction with this section to understand our liquidity and capital resources on a consolidated basis.

As of June 30, 2015, we had \$59.2 million of cash and cash equivalents, excluding \$9.4 million of restricted cash. Restricted cash primarily consists of interest-bearing cash deposits required by the terms of several of our mortgage loans for a variety of purposes, including real estate taxes, insurance, anticipated or contractually obligated tenant improvements, as well as capital expenditures.

Our short-term liquidity requirements primarily consist of operating expenses, development costs and other expenditures associated with our properties, distributions to our parent company in order for it to make dividend payments on its preferred stock, distributions to our parent company in order for it to make dividend payments to its stockholders required to maintain its REIT status, distributions to the unitholders in our operating partnership, capital expenditures, debt service on our loans and, potentially, acquisitions. We expect to meet our short-term liquidity requirements through net cash provided by operations, restricted cash accounts established for certain future payments and by drawing upon our global revolving credit facility.

On August 15, 2013, we refinanced our global revolving credit facility, increasing the total borrowing capacity to \$2.0 billion from \$1.8 billion. The global revolving credit facility has an accordion feature that would enable us to increase the borrowing capacity of the credit facility to \$2.55 billion, subject to the receipt of lender commitments and other conditions precedent. The refinanced facility matures on November 3, 2017, with two six-month extension options available. The interest rate for borrowings under the expanded facility equals the applicable index plus a margin which is based on the credit ratings of our long-term debt and is currently 110 basis points. An annual facility fee on the total commitment amount of the facility, based on the credit rating of our long-term debt and currently 20 basis points, is payable quarterly. Funds may be drawn in U.S., Canadian, Singapore, Australian and Hong Kong dollars, as well as Euro, British pound sterling, Swiss franc, Japanese yen and Mexican peso denominations. As of June 30, 2015, borrowings under the global revolving credit facility bore interest at an overall blended rate of 1.60% comprised of 1.29% (U.S. dollars), 1.62% (British pound sterling), 1.04% (Euros), 3.14% (Australian dollars), 1.34% (Hong Kong dollars), 1.16% (Japanese yen), 1.85% (Singapore dollar) and 2.09% (Canadian dollars). The interest rates are based on 1-month LIBOR, 1-month GBP LIBOR, 1-month EURIBOR, 1-month BBR, 1-month HIBOR, 1-month JPY LIBOR, 1-month SOR and 1-month CDOR, respectively, plus a margin of 1.10%. The facility also bore a base borrowing rate of 3.35% (USD) which is based on U.S. Prime Rate plus a margin of 0.10%. We have used and intend to use borrowings under the global revolving credit facility to acquire additional properties, fund development opportunities and to provide for working capital and other corporate purposes, including potentially for the repurchase, redemption or retirement of outstanding debt or equity securities. As of June 30, 2015, we have capitalized approximately \$18.0 million of financing costs related to the global revolving credit facility. As of June 30, 2015, approximately \$777.0 million was drawn under this facility and \$8.1 million of letters of credit were issued, leaving approximately \$1.1 billion available for use.

On August 15, 2013, we refinanced the senior unsecured multi-currency term loan facility, increasing its total borrowing capacity to \$1.0 billion from \$750.0 million. Pursuant to the accordion feature total commitments can be increased to \$1.1 billion, subject to the receipt of lender commitments and other conditions precedent. The facility matures on April 16, 2017, with two six-month extension options available. Interest rates are based on our senior unsecured debt ratings and are currently 120 basis points over the applicable index for floating rate advances. Funds may be drawn in U.S, Singapore and Australian dollars, as well as Euro and British pound sterling denominations with the option to add Hong Kong dollars and Japanese yen upon an accordion exercise. Based on exchange rates in effect at June 30, 2015, the balance outstanding is approximately \$961.1 million. We have used borrowings under the term loan for acquisitions, repayment of indebtedness, development, working capital and general corporate purposes. As of June 30, 2015, we have capitalized approximately \$8.4 million of financing costs related to the unsecured term loan.

For a discussion of the potential impact of current global economic and market conditions on our liquidity and capital resources, see “—Factors Which May Influence Future Results of Operations—Global market and economic conditions” above.

Our parent company commenced its At-the-Market equity distribution program in June 2011, which is discussed under “Liquidity and Capital Resources of the Parent Company” above. To date, our parent company has generated net proceeds of approximately \$342.7 million from the issuance of approximately 5.7 million shares of common stock under the program at an average price of \$60.35 per share after payment of approximately \$3.5 million of commissions to the sales agents before offering expenses. The proceeds from the issuances were contributed to us in exchange for the issuance of approximately 5.7 million common units to our parent company. No sales were made under the program during the six months ended June 30, 2015 and 2014. As of June 30, 2015, shares of common stock having an aggregate offering price of \$53.8 million remained available for offer and sale under the program.

On February 5, 2015, the operating partnership sold the 100 Quannapowitt property for approximately \$31 million. The transaction after costs resulted in net proceeds of approximately \$29 million and a net gain of approximately \$10 million. The property was identified as held for sale as of December 31, 2014. 100 Quannapowitt was not a significant component of our U.S. portfolio nor does the sale represent a significant shift in our strategy.

On March 31, 2015, the operating partnership sold the 3300 East Birch Street property for approximately \$14 million. The transaction after costs resulted in net proceeds of approximately \$14 million and a net gain of approximately \$8 million. The property was identified as held for sale as of December 31, 2014. 3300 East Birch Street was not a significant component of our U.S. portfolio nor does the sale represent a significant shift in our strategy.

On April 30, 2015, the operating partnership sold the 833 Chestnut Street property for approximately \$161 million. The transaction after costs and buyer credits resulted in net proceeds of approximately \$159 million, including a \$9 million note receivable, and a net gain of approximately \$77 million. The property was identified as held for sale as of March 31, 2015. 833 Chestnut Street was not a significant component of our U.S. portfolio nor does the sale represent a significant shift in our strategy.

The growing acceptance by private institutional investors of the data center asset class has generally pushed capitalization rates lower; as such private investors typically have lower return expectations than us. As a result, we anticipate that near-term acquisitions activity will comprise a smaller percentage of our growth until seller price expectations realign with our return requirements.

### Construction

The table below summarizes our construction in progress as of June 30, 2015 and December 31, 2014:

(dollars in thousands)	As of June 30, 2015				As of December 31, 2014			
	Net Rentable Square Feet	Current Investment (2)	Future Investment (3)	Total Cost	Net Rentable Square Feet	Current Investment (4)	Future Investment (3)	Total Cost
<b>Development Lifecycle</b>								
<b>Development Construction in Progress</b>								
Space Held for Development	1,199,591	296,023	—	296,023	1,174,957	245,985	—	245,985
Base Building Construction	658,320	111,588	86,635	198,223	688,517	147,126	69,438	216,564
Datacenter Construction	492,979	202,439	231,227	433,666	616,336	365,837	348,997	714,834
Equipment Pool & Other Inventory		13,103	—	13,103		21,623	—	21,623
Campus, Tenant Improvements & Other		22,859	11,615	34,474		28,835	7,998	36,833
<b>Total Development Construction in Progress</b>	<b>2,350,890</b>	<b>646,012</b>	<b>329,477</b>	<b>975,489</b>	<b>2,479,810</b>	<b>809,406</b>	<b>426,433</b>	<b>1,235,839</b>
Land Inventory	(1)	141,294	—	141,294	(1)	145,607	—	145,607
Enhancement & Other		4,612	5,227	9,839		50,305	42,180	92,485
Recurring		29,571	64,000	93,571		9,844	27,147	36,991
<b>Total Construction in Progress</b>		<b>\$ 821,489</b>	<b>\$ 398,704</b>	<b>\$ 1,220,193</b>		<b>\$ 1,015,162</b>	<b>\$ 495,760</b>	<b>\$ 1,510,922</b>

(1) Represents approximately 167 acres as of June 30, 2015 and approximately 178 acres as of December 31, 2014.

(2) Represents balances incurred through June 30, 2015 and included in building and improvements in the condensed consolidated balance sheets.

(3) Represents estimated cost to complete specific scope of work pursuant to contract, budget or approved capital plan.

(4) Represents balances incurred through December 31, 2014 and included in building and improvements in the condensed consolidated balance sheets.

Land inventory and space held for development reflect cumulative cost spent pending future development. Base building construction consists of ongoing improvements to building infrastructure in preparation for future datacenter fit-out. Datacenter construction includes 0.5 million square feet of Turn Key Flex<sup>®</sup>, Powered Base Building<sup>®</sup>, and Custom Solutions product with a cost to date of approximately \$202.4 million. Generally, we expect to deliver the space within 12 months; however, lease commencement dates may significantly impact final delivery schedules. Equipment pool and other inventory represent the value of long-lead equipment and materials required for timely deployment and delivery of datacenter construction fit-out. Campus, tenant improvements and other costs include the value of development work which benefits space recently converted to our operating portfolio and is composed primarily of shared infrastructure projects and first-generation tenant improvements.

*Future Uses of Cash*

Our properties require periodic investments of capital for tenant-related capital expenditures and for general capital improvements. As of June 30, 2015, we had approximately 1.2 million square feet of space under active development and approximately 1.3 million square feet of space held for future development and we also owned approximately 0.5 million net rentable square feet of datacenter space with extensive installed tenant improvements. Turn-Key Flex<sup>®</sup> space is move-in-ready space for the placement of computer and network equipment required to provide a datacenter environment. Depending on demand for additional Turn-Key Flex<sup>®</sup> space, we expect to incur significant tenant improvement costs to build out and develop these types of spaces. At June 30, 2015, the approximate 1.2 million square feet of space under active development was under construction for Turn-Key Flex<sup>®</sup>, Powered Base Building<sup>®</sup> and Custom Solutions products, all of which are expected to be income producing on or after completion, in three U.S. domestic metropolitan areas, two European metropolitan areas, one Canadian metropolitan area, one Australian metropolitan area and one Singapore metropolitan area, consisting of approximately 0.7 million square feet of base building construction and 0.5 million square feet of data center construction. At June 30, 2015, we had commitments under construction contracts for approximately \$113.4 million. We currently expect to incur approximately \$475.0 million to \$575.0 million of capital expenditures for our development programs during the six months ending December 31, 2015, although this amount may increase or decrease, potentially materially, based on numerous factors, including changes in demand, leasing results and availability of debt or equity capital.

*Historical Capital Expenditures (Cash Basis)*

The table below summarizes our capital expenditure activity for the six months June 30, 2015 and 2014 (in thousands):

	Six Months Ended June 30,	
	2015	2014
Development projects <sup>(1)</sup>	\$ 260,994	\$ 357,958
Enhancement and improvements <sup>(1)</sup>	8,315	32,134
Recurring capital expenditures <sup>(1)</sup>	41,774	20,040
Total capital expenditures (excluding indirect costs)	<u>\$ 311,083</u>	<u>\$ 410,132</u>

(1) Beginning in the first quarter of 2015, we changed the presentation of certain capital expenditures. Infrequent expenditures for capitalized replacements and upgrades are now categorized as recurring capital expenditures (categorized as enhancements and improvements in 2014). First-generation leasing costs are now classified as part of development projects (categorized as recurring capital expenditures in 2014).

For the six months ended June 30, 2015, total capital expenditures decreased \$99.0 million to approximately \$311.1 million from \$410.1 million for the same period in 2014. Capital expenditures on our development projects plus our enhancement and improvements projects for the six months ended June 30, 2015 were approximately \$269.3 million, which reflects a decrease of approximately 31% from the same period in 2014. This decrease was primarily due to completion of and decreased spending for ground-up Custom Solutions projects, Turn-Key Flex and base building improvements. Our development capital expenditures are generally funded by our available cash and equity and debt capital.

Indirect costs, including capitalized interest, capitalized in the six months ended June 30, 2015 and 2014 were \$32.3 million and \$34.0 million, respectively. Capitalized interest comprised approximately \$7.5 million and \$10.2 million, respectively, of the total indirect costs capitalized for the six months ended June 30, 2015 and 2014. Capitalized interest in the six months ended June 30, 2015 decreased compared to the same period in 2014 due to a reduction in qualifying activities. Excluding capitalized interest, the increase in indirect costs in the six months ended June 30, 2015 compared to the same period in 2014 was primarily due to capitalized amounts relating to compensation expense of employees directly engaged in construction and leasing activities. See “— Future Uses of Cash” above for a discussion of the amount of capital expenditures we expect to incur during the year ending December 31, 2015.

The environmental cleanup work required at the 47700 Kato Road and 1055 Page Avenue property resulting from a prior tenant’s activities has been completed. The prior tenant of these buildings completed most of the remaining required environmental cleanup work. We intend to seek recovery of past costs incurred for previous environmental cleanup work, as well as other damages. We cannot at this time estimate the likelihood of recovery or the impact on our financial condition and results of operations, however, the amounts are not expected to be material.

We are also subject to the commitments discussed below under “Commitments and Contingencies,” “Off-Balance Sheet Arrangements” and “Distributions.”

Consistent with our growth strategy, we actively pursue opportunities for potential acquisitions, with due diligence and negotiations often at different stages at different times. The dollar value of acquisitions for the year ending December 31, 2015 will be based on numerous factors, including tenant demand, leasing results, availability of debt or equity capital and acquisition opportunities.

We may from time to time seek to retire or repurchase our outstanding debt or the equity of our parent company through cash purchases and/or exchanges for equity securities of our parent company in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions or other factors. The amounts involved may be material.

We expect to meet our short- and long-term liquidity requirements, including to pay for scheduled debt maturities and to fund property acquisitions and non-recurring capital improvements, with net cash from operations, future long-term secured and unsecured indebtedness and the issuance of equity and debt securities and the proceeds of equity issuances by our parent company. We also may fund future short- and long-term liquidity requirements, including property acquisitions and non-recurring capital improvements, using our global revolving credit facility pending permanent financing. If we are not able to obtain additional financing on terms attractive to us, or at all, including as a result of the circumstances described above under “Factors Which May Influence Future Results of Operations—Global market and economic conditions”, we may be required to reduce our acquisition or capital expenditure plans, which could have a material adverse effect upon our business and results of operations.

#### *Distributions*

All distributions on our units are at the discretion of our parent company’s board of directors. During the six months ended June 30, 2015, our operating partnership declared and paid the following distributions (in thousands, except per unit amounts):

<u>Date distribution declared</u>	<u>Distribution payment date</u>	<u>Series E Preferred Units</u>	<u>Series F Preferred Units</u>	<u>Series G Preferred Units</u>	<u>Series H Preferred Units</u>	<u>Common Units</u>
February 25, 2015	March 31, 2015	\$ 5,031	\$ 3,023	\$ 3,672	\$ 6,730	\$ 117,896
May 12, 2015	June 30, 2015	5,031	3,023	3,672	6,730	117,938
		<u>\$ 10,062</u>	<u>\$ 6,046</u>	<u>\$ 7,344</u>	<u>\$ 13,460</u>	<u>\$ 235,834</u>
Annual rate of distribution per unit		<u>\$ 1.750</u>	<u>\$ 1.656</u>	<u>\$ 1.469</u>	<u>\$ 1.844</u>	<u>\$ 3.400</u>

#### *Commitments and Contingencies*

As part of the acquisition of 29A International Business Park, an asset acquisition in 2010, the seller could earn additional consideration based on future net operating income growth in excess of certain performance targets, as defined in the agreements for the acquisition. As of December 31, 2014, certain leases executed subsequent to the acquisition caused an amount to become probable of payment and therefore approximately \$12.4 million had been accrued in accounts payable and accrued liabilities and capitalized to buildings and improvements in the condensed consolidated balance sheet as of December 31, 2014 and an earnout payment was made during the three months ended June 30, 2015 in the amount of \$17.5 million SGD (or approximately \$13.0 million based on the exchange rate on the date of payment). As of June 30, 2015, \$12.4 million had been accrued and capitalized for an additional earnout payment. The maximum amount that could be earned by the seller is \$50.0 million SGD (or approximately \$37.1 million based on the exchange rate as of June 30, 2015). The earnout contingency expires in November 2020.

One of the tenants at our Convergence Business Park property has an option to expand as part of their lease agreement, which expires in April 2017. As part of this option, development activities were not permitted on specifically identified expansion space within the property until April 2014. From April 2014 through April 2017, the tenant has the right of first refusal on any third party’s bona fide offer to buy the adjacent land. If the tenant exercises their option, we may either construct and lease to the tenant an additional shell building on the expansion space at a stipulated rate of return on cost or sell the existing building and the expansion space to the tenant for a price of approximately \$24.0 million and \$225,000 per square acre, respectively, plus additional adjustments as provided in the lease.

As part of the acquisition of the Sentrum Portfolio in July 2012, the seller could earn additional consideration based on future net returns on vacant space to be developed, but not currently leased, as defined in the purchase agreement for the acquisition. The initial estimate of fair value of contingent consideration was approximately £56.5 million (or approximately \$87.6 million based on the exchange rate as of July 11, 2012, the acquisition date). We have adjusted the contingent consideration to fair value at each reporting date with changes in fair value recognized in operating income. During the six months ended June 30, 2015, we reduced the fair value by approximately £30.3 million. The adjustment was the result of an evaluation by management that no additional leases would be executed for vacant space by July 11, 2015, the contingency expiration date. At June 30, 2015, the fair value of the contingent consideration for the Sentrum Portfolio was £1.4 million (or approximately \$2.1 million based on the exchange rate as of June 30, 2015) and is currently accrued in accounts payable and other accrued expenses in the condensed consolidated balance sheet. The final payment is expected to be made by the end of 2015. We made earnout payments of approximately £3.4 million (or approximately \$5.7 million based on the exchange rates as of the date of each payment) during the six months ended June 30, 2014. We made no earnout payments during the six months ended June 30, 2015. The change in fair value of contingent consideration for Sentrum was recorded as an increase to operating expense of approximately \$0 and \$0.8 million for the three months ended June 30, 2015 and 2014, respectively. The change in fair value of contingent consideration for Sentrum was recorded as a reduction to operating expense of approximately \$43.0 million and \$2.6 million for the six months ended June 30, 2015 and 2014, respectively.

On July 22, 2015, we entered into a settlement agreement with former Chief Executive Officer Michael Foust, pursuant to which the parties acknowledged the cancellation of 127,644 profits interest units in the operating partnership held by Mr. Foust, and we agreed to pay Mr. Foust \$8.0 million in full satisfaction of any and all amounts owing to Mr. Foust as a result of his employment with the company and the termination thereof. In connection with the settlement, Mr. Foust and the company agreed to dismiss with prejudice the litigation between the parties relating to Mr. Foust's employment and termination of employment, and each party released claims against the other party. We previously recorded an expense of approximately \$12.7 million in connection with Mr. Foust's severance payments and expect to reverse the excess expense of approximately \$4.7 million in the three months ending September 30, 2015.

As of June 30, 2015, we were a party to interest rate swap agreements which hedge variability in cash flows related the U.S. LIBOR and SGD-SOR based tranches of the unsecured term loan. Under these swaps, we pay variable-rate amounts in exchange for fixed-rate payments over the life of the agreements without exchange of the underlying principal amounts. See Item 3. "Quantitative and Qualitative Disclosures about Market Risk."

#### *Outstanding Consolidated Indebtedness*

The table below summarizes our debt, as of June 30, 2015 (in millions):

<b>Debt Summary:</b>	
Fixed rate	\$ 3,230.6
Variable rate debt subject to interest rate swaps	476.6
Total fixed rate debt (including interest rate swaps)	3,707.2
Variable rate—unhedged	1,261.6
Total	\$ 4,968.8
<b>Percent of Total Debt:</b>	
Fixed rate (including swapped debt)	74.6%
Variable rate	25.4%
Total	100.0%
<b>Effective Interest Rate as of June 30, 2015(1):</b>	
Fixed rate (including hedged variable rate debt)	4.48%
Variable rate	1.74%
Effective interest rate	3.78%

(1) Excludes impact of deferred financing cost amortization.

As of June 30, 2015, we had approximately \$5.0 billion of outstanding consolidated long-term debt as set forth in the table above. Our ratio of debt to total enterprise value was approximately 33% (based on the closing price of Digital Realty Trust, Inc.'s common stock on June 30, 2015 of \$66.68). For this purpose, our total enterprise value is defined as the sum of the market value of Digital Realty Trust, Inc.'s outstanding common stock (which may decrease, thereby increasing our debt to total enterprise value ratio), excluding options issued under our incentive award plan, plus the liquidation value of Digital Realty Trust, Inc.'s preferred stock, plus the aggregate value of our operating partnership's units not held by Digital Realty

Trust, Inc. (with the per unit value equal to the market value of one share of Digital Realty Trust, Inc.'s common stock and excluding long-term incentive units, Class C Units and Class D Units), plus the book value of our total consolidated indebtedness.

The variable rate debt shown above bears interest at interest rates based on various one-month LIBOR, EURIBOR, GBP LIBOR, SOR, BBR, HIBOR, JPY LIBOR, CDOR and U.S. Prime rates, depending on the respective agreement governing the debt, including our global revolving credit facility and unsecured term loan. As of June 30, 2015, our debt had a weighted average term to initial maturity of approximately 4.9 years (or approximately 5.2 years assuming exercise of extension options).

***Off-Balance Sheet Arrangements***

As of June 30, 2015, we were party to interest rate swap agreements related to \$476.6 million of outstanding principal on our variable rate debt. See Item 3. "Quantitative and Qualitative Disclosures about Market Risk."

As of June 30, 2015, our pro-rata share of debt of unconsolidated joint ventures was approximately \$137.4 million, of which \$54.5 million is subject to interest rate swap agreements.

**Cash Flows**

The following summary discussion of our cash flows is based on the condensed consolidated statements of cash flows and is not meant to be an all-inclusive discussion of the changes in our cash flows for the periods presented below.

*Comparison of Six Months Ended June 30, 2015 to Six Months Ended June 30, 2014*

The following table shows cash flows and ending cash and cash equivalent balances for the six months ended June 30, 2015 and 2014 (in thousands).

	Six Months Ended June 30,		
	2015	2014	Change
Net cash provided by operating activities	\$ 355,151	\$ 315,264	\$ 39,887
Net cash used in investing activities	(241,859)	(403,816)	161,957
Net cash (used in) provided by financing activities	(95,461)	112,670	(208,131)
Net increase in cash and cash equivalents	<u>\$ 17,831</u>	<u>\$ 24,118</u>	<u>\$ (6,287)</u>

The increase in net cash provided by operating activities was due to increased cash flows from new leasing at our stabilized properties and completed and leased development space, which was partially offset by increased operating and interest expenses.

Net cash used in investing activities decreased for the six months ended June 30, 2015, primarily as a result of a decrease in cash paid for capital expenditures for the six months ended June 30, 2015 (\$380.1 million) as compared to the same period in 2014 (\$431.2 million) along with an increase in net proceeds from the sale of properties for the six months ended June 30, 2015 (\$185.6 million) as compared to the same period in 2014 (\$37.9 million) offset by cash paid for acquisitions for the six months ended June 30, 2015 (\$48.4 million).

Net cash flows provided by financing activities for the company consisted of the following amounts (in thousands).

	Six Months Ended June 30,		
	2015	2014	Change
Proceeds from borrowings, net of repayments	\$ (191,074)	\$ (373,468)	\$ 182,394
Net proceeds from issuance of common and preferred stock, including exercise of stock options	220	353,522	(353,302)
Net proceeds from 2023 Notes	—	495,872	(495,872)
Net proceeds from 2022 Notes	496,190	—	496,190
Dividend and distribution payments	(387,680)	(357,327)	(30,353)
Other	(13,117)	(5,929)	(7,188)
Net cash (used in) provided by financing activities	<u>\$ (95,461)</u>	<u>\$ 112,670</u>	<u>\$ (208,131)</u>

The decrease in net cash provided by financing activities was primarily due to the issuance of our series H preferred stock (net proceeds of \$353.3 million) in March and April 2014 and the issuance of our 2023 Notes (net proceeds of \$495.9 million) in April 2014 partially offset by lower net repayments during the six months ended June 30, 2015 (net repayments of \$191.1 million) as compared to the six months ended June 30, 2014 (net repayments of \$373.5 million) along with the issuance of our 2022 Notes (net proceeds of \$496.2 million) in June 2015. The increase in dividend and distribution payments for the six months ended June 30, 2015 as compared to the same period in 2014 was due to an increase in the number of shares outstanding and dividend amount per share of common stock in 2015 as compared to 2014 and the payment of dividends on our series H preferred stock during the six months ended June 30, 2015, whereas this series of preferred stock was not outstanding for the entire portion of the six months ended June 30, 2014.

Net cash flows provided by financing activities for the operating partnership consisted of the following amounts (in thousands).

	Six Months Ended June 30,		
	2015	2014	Change
Proceeds from borrowings, net of repayments	\$ (191,074)	\$ (373,468)	\$ 182,394
General partner contributions, net	220	353,522	(353,302)
Net proceeds from 2023 Notes	—	495,872	(495,872)
Net proceeds from 2022 Notes	496,190	—	496,190
Distribution payments	(387,680)	(357,327)	(30,353)
Other	(13,117)	(5,929)	(7,188)
Net cash (used in) provided by financing activities	<u>\$ (95,461)</u>	<u>\$ 112,670</u>	<u>\$ (208,131)</u>

The decrease in net cash provided by financing activities was primarily due to the higher general partner contributions in 2014 in connection with Digital Realty Trust, Inc.'s series H preferred stock offering in March and April 2014 (net proceeds of \$353.3 million) along with the issuance of our 2023 Notes (net proceeds of \$495.9 million) in April 2014 partially offset by lower net repayments during the six months ended June 30, 2015 (net repayments of \$191.1 million) as compared to the six months ended June 30, 2014 (net repayments of \$373.5 million) along with the issuance of our 2022 Notes (net proceeds of \$496.2 million) in June 2015. The increase in distribution payments for the six months ended June 30, 2015 as compared to the same period in 2014 was due to an increase in the number of units outstanding and distribution amount per common unit in 2015 as compared to 2014 and the payment of distributions on our series H preferred units during the six months ended June 30, 2015, whereas this series of preferred units was not outstanding for the entire portion of the six months ended June 30, 2014.

#### ***Noncontrolling Interests in Operating Partnership***

Noncontrolling interests relate to the common units in our operating partnership that are not owned by Digital Realty Trust, Inc., which, as of June 30, 2015, amounted to 2.1% of our operating partnership common units. In conjunction with our formation, our operating partnership issued common units to third party sellers in connection with our acquisition of real estate interests from such third parties.

Limited partners who acquired common units in connection with our formation have the right to require our operating partnership to redeem part or all of their common units for cash based upon the fair market value of an equivalent number of shares of Digital Realty Trust, Inc. common stock at the time of the redemption. Alternatively, we may elect to acquire those common units in exchange for shares of Digital Realty Trust, Inc. common stock on a one-for-one basis, subject to adjustment in the event of stock splits, stock dividends, issuance of stock rights, specified extraordinary distributions and similar events. Pursuant to registration rights agreements we entered into with third party contributors, we filed a shelf registration statement covering the issuance of the shares of our common stock issuable upon redemption of the common units, and the resale of those shares of common stock by the holders.

#### ***Inflation***

Many of our leases provide for separate real estate tax and operating expense escalations. In addition, many of the leases provide for fixed base rent increases. We believe that inflationary increases may be at least partially offset by the contractual rent increases and expense escalations described above.

#### ***Funds from Operations***

We calculate Funds from Operations, or FFO, in accordance with the standards established by the National Association of Real Estate Investment Trusts, or NAREIT. FFO represents net income (loss) available to common stockholders (computed in accordance with U.S. GAAP), excluding gains (or losses) from sales of property, impairment charges, real estate related depreciation and amortization (excluding amortization of deferred financing costs) and after adjustments for unconsolidated partnerships and joint ventures. Management uses FFO as a supplemental performance measure because, in excluding real estate related depreciation and amortization and gains and losses from property dispositions, it provides a performance measure that, when compared year over year, captures trends in occupancy rates, rental rates and operating costs. We also believe that, as a widely recognized measure of the performance of REITs, FFO will be used by investors as a basis to compare our

operating performance with that of other REITs. However, because FFO excludes depreciation and amortization and captures neither the changes in the value of our properties that result from use or market conditions, nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of our properties, all of which have real economic effect and could materially impact our financial condition and results from operations, the utility of FFO as a measure of our performance is limited. Other REITs may not calculate FFO in accordance with the NAREIT definition and, accordingly, our FFO may not be comparable to such other REITs' FFO. Accordingly, FFO should be considered only as a supplement to net income computed in accordance with GAAP as a measure of our performance.

**Reconciliation of Net Income Available to Common Stockholders to Funds From Operations (FFO)**  
(unaudited, in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income available to common stockholders	\$ 117,055	\$ 41,510	\$ 218,783	\$ 75,696
Adjustments:				
Noncontrolling interests in operating partnership	2,377	873	4,403	1,566
Real estate related depreciation and amortization (1)	130,198	135,939	258,021	265,435
Real estate related depreciation and amortization related to investment in unconsolidated joint ventures	3,187	1,802	5,790	3,430
Gain on sale of properties	(76,669)	(15,945)	(94,489)	(15,945)
Gain on contribution of properties to unconsolidated joint ventures	—	—	—	(1,906)
FFO available to common stockholders and unitholders (2)	\$ 176,148	\$ 164,179	\$ 392,508	\$ 328,276
Basic FFO per share and unit	\$ 1.27	\$ 1.20	\$ 2.83	\$ 2.45
Diluted FFO per share and unit (2)	\$ 1.26	\$ 1.20	\$ 2.82	\$ 2.41
Weighted average common stock and units outstanding				
Basic	138,568	136,615	138,488	133,894
Diluted (2)	139,257	137,912	138,991	137,979

(1) Real estate related depreciation and amortization was computed as follows:

Depreciation and amortization per income statement	131,524	137,092	260,597	267,712
Non-real estate depreciation	(1,326)	(1,153)	(2,576)	(2,277)
	\$ 130,198	\$ 135,939	\$ 258,021	\$ 265,435

(2) For all periods presented, we have excluded the effect of dilutive series E, series F, series G and series H preferred stock, as applicable, that may be converted upon the occurrence of specified change in control transactions as described in the articles supplementary governing the series E, series F, series G and series H preferred stock, as applicable, which we consider highly improbable. In addition, the 5.50% exchangeable senior debentures due 2029 were exchangeable for 1,122 and 3,948 common shares on a weighted average basis for the three and six months ended June 30, 2014, respectively. See below for calculations of diluted FFO available to common stockholders and unitholders and weighted average common stock and units outstanding.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
FFO available to common stockholders and unitholders	\$ 176,148	\$ 164,179	\$ 392,508	\$ 328,276
Add: 5.50% exchangeable senior debentures interest expense	—	675	—	4,725
FFO available to common stockholders and unitholders—diluted	\$ 176,148	\$ 164,854	\$ 392,508	\$ 333,001
Weighted average common stock and units outstanding	138,568	136,615	138,488	133,894
Add: Effect of dilutive securities (excluding 5.50% exchangeable senior debentures)	689	175	503	137
Add: Effect of dilutive 5.50% exchangeable senior debentures	—	1,122	—	3,948
Weighted average common stock and units outstanding—diluted	139,257	137,912	138,991	137,979

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Our future income, cash flows and fair values relevant to financial instruments depend upon prevalent market interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. We do not use derivatives for trading or speculative purposes and only enter into contracts with major financial institutions based on their credit rating and other factors.

***Analysis of Debt between Fixed and Variable Rate***

We use interest rate swap agreements and fixed rate debt to reduce our exposure to interest rate movements. As of June 30, 2015, our consolidated debt was as follows (in millions):

	Carrying Value	Estimated Fair Value
Fixed rate debt	\$ 3,230.6	\$ 3,394.0
Variable rate debt subject to interest rate swaps	476.6	476.6
Total fixed rate debt (including interest rate swaps)	3,707.2	3,870.6
Variable rate debt	1,261.6	1,261.6
Total outstanding debt	\$ 4,968.8	\$ 5,132.2

Interest rate derivatives included in this table and their fair values as of June 30, 2015 and December 31, 2014 were as follows (in thousands):

Notional Amount		Type of Derivative	Strike Rate	Effective Date	Expiration Date	Fair Value at Significant Other Observable Inputs (Level 2)	
As of June 30, 2015	As of December 31, 2014					As of June 30, 2015	As of December 31, 2014
<b><i>Currently-paying contracts</i></b>							
\$ 335,905 <sup>(1)</sup>	\$ 410,905 <sup>(1)</sup>	Swap	0.717	Various	Various	\$ (999)	\$ (241)
140,647 <sup>(2)</sup>	142,965 <sup>(2)</sup>	Swap	0.925	July 17, 2012	April 18, 2017	884	669
476,552	553,870					(115)	428
<b><i>Forward-starting contracts</i></b>							
— <sup>(3)</sup>	150,000	Forward-starting Swap	2.091	July 15, 2014	July 15, 2019	—	(2,837)
<b><i>Total</i></b>							
\$ 476,552	\$ 703,870					\$ (115)	\$ (2,409)

(1) Represents the U.S. dollar tranche of the unsecured term loan.

(2) Represents a portion of the Singapore dollar tranche of the unsecured term loan. Translation to U.S. dollars is based on exchange rate of \$0.74 to 1.00 SGD as of June 30, 2015 and \$0.75 to 1.00 SGD as of December 31, 2014.

(3) In January 2014, we entered into a forward-starting five-year swap contract to protect against adverse fluctuations in interest rates by reducing our exposure to variability in cash flows relating to interest payments on a forecasted issuance of debt. The accrual period of the swap contract was designed to match the tenor of the planned debt issuance. In the fourth quarter of 2014, changes in the forecasted transaction resulted in the discontinuation of cash flow hedge accounting. As such, changes in the fair value of the forward starting swap were recognized in earnings, within the other income (expense) line item. During the three months ended March 31, 2015, the total net loss recognized on the forward starting swap was approximately \$1.6 million, and on January 13, 2015, we cash settled the forward starting swap for approximately \$5.7 million, including accrued interest.

**Sensitivity to Changes in Interest Rates**

The following table shows the effect if assumed changes in interest rates occurred, based on fair values and interest expense as of June 30, 2015:

<b>Assumed event</b>	<b>Interest rate change (basis points)</b>	<b>Change (\$ millions)</b>
Increase in fair value of interest rate swaps following an assumed 10% increase in interest rates	9	\$ 0.7
Decrease in fair value of interest rate swaps following an assumed 10% decrease in interest rates	(9)	(0.7)
Increase in annual interest expense on our debt that is variable rate and not subject to swapped interest following a 10% increase in interest rates	9	1.1
Decrease in annual interest expense on our debt that is variable rate and not subject to swapped interest following a 10% decrease in interest rates	(9)	(1.1)
Increase in fair value of fixed rate debt following a 10% decrease in interest rates	(9)	20.4
Decrease in fair value of fixed rate debt following a 10% increase in interest rates	9	(18.4)

Interest risk amounts were determined by considering the impact of hypothetical interest rates on our financial instruments. These analyses do not consider the effect of any change in overall economic activity that could occur in that environment. Further, in the event of a change of that magnitude, we may take actions to further mitigate our exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, these analyses assume no changes in our financial structure.

**Foreign Currency Exchange Risk**

For the six months ended June 30, 2015 and 2014, we had foreign operations in the United Kingdom, Ireland, France, The Netherlands, Switzerland, Canada, Singapore, Australia, Hong Kong and Japan, and, as such, are subject to risk from the effects of exchange rate movements of foreign currencies, which may affect future costs and cash flows. Our foreign operations are conducted in the British pound sterling, Euro, Swiss franc, Australian dollar, Singapore dollar, Canadian dollar, Hong Kong dollar and the Japanese yen. Our primary currency exposures are to the British pound sterling, Euro and the Singapore dollar. We attempt to mitigate a portion of the risk of currency fluctuation by financing our investments in the local currency, although there can be no assurance that this will be effective. As a result, changes in the relation of any such foreign currency to U.S. dollars may affect our revenues, operating margins and distributions and may also affect the book value of our assets and the amount of stockholders' equity. For the three months ended June 30, 2015 and 2014, operating revenues from properties outside the United States contributed \$97.9 million and \$95.9 million, respectively, which represented 23.3% and 23.9% of our total operating revenues, respectively. For the six months ended June 30, 2015 and 2014, operating revenues from properties outside the United States contributed \$189.8 million and \$191.3 million, respectively, which represented 23.0% and 24.2% of our total operating revenues, respectively. Net investment in properties outside the United States was \$2.7 billion and \$2.7 billion as of June 30, 2015 and December 31, 2014, respectively. Net assets in foreign operations were approximately \$0.6 billion and \$0.7 billion as of June 30, 2015 and December 31, 2014, respectively.

**ITEM 4. CONTROLS AND PROCEDURES****Evaluation of Disclosure Controls and Procedures (Digital Realty Trust, Inc.)**

The company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to its management, including its chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, the company's management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and its management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Also, the company has investments in certain unconsolidated entities, which are accounted for using the equity method of accounting. As the company does not control or manage these entities, its disclosure controls and procedures with respect to such entities may be substantially more limited than those it maintains with respect to its consolidated subsidiaries.

As required by Rule 13a-15(b) or Rule 15d-15(b) of the Securities Exchange Act of 1934, as amended, management of the company carried out an evaluation, under the supervision and with participation of its chief executive officer and chief financial officer, of the effectiveness of the design and operation of its disclosure controls and procedures that were in effect as of the end of the quarter covered by this report. Based on the foregoing, the company's chief executive officer and chief financial officer concluded that its disclosure controls and procedures were effective at the reasonable assurance level.

There have been no changes in the company's internal control over financial reporting during its most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

On May 14, 2013, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) issued an updated version of its Internal Control — Integrated Framework (2013 Framework). Originally issued in 1992 (1992 Framework), the framework helps organizations design, implement and evaluate the effectiveness of internal control concepts and simplify their use and application. The 1992 Framework remains available during the transition period, which extends to December 15, 2014, after which time COSO will consider it as superseded by the 2013 Framework. As of June 30, 2015, the company continues to utilize the 1992 Framework during the transition to the 2013 Framework by the end of 2015. We expect that management's assessment of the overall effectiveness of our internal controls over financial reporting for the year ending December 31, 2015 will be based on the 2013 Framework and that the change will not be significant to our overall control structure over financial reporting.

#### ***Evaluation of Disclosure Controls and Procedures (Digital Realty Trust, L.P.)***

The operating partnership maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to its management, including the chief executive officer and chief financial officer of its general partner, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, the operating partnership's management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and its management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Also, the operating partnership has investments in certain unconsolidated entities, which are accounted for using the equity method of accounting. As the operating partnership does not control or manage these entities, its disclosure controls and procedures with respect to such entities may be substantially more limited than those it maintains with respect to its consolidated subsidiaries.

As required by Rule 13a-15(b) or Rule 15d-15(b) of the Securities Exchange Act of 1934, as amended, management of the operating partnership carried out an evaluation, under the supervision and with participation of the chief executive officer and chief financial officer of its general partner, of the effectiveness of the design and operation of its disclosure controls and procedures that were in effect as of the end of the quarter covered by this report. Based on the foregoing, the chief executive officer and chief financial officer of the operating partnership's general partner concluded that its disclosure controls and procedures were effective at the reasonable assurance level.

There have been no changes in the operating partnership's internal control over financial reporting during its most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

On May 14, 2013, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) issued an updated version of its Internal Control — Integrated Framework (2013 Framework). Originally issued in 1992 (1992 Framework), the framework helps organizations design, implement and evaluate the effectiveness of internal control concepts and simplify their use and application. The 1992 Framework remains available during the transition period, which extends to December 15, 2014, after which time COSO will consider it as superseded by the 2013 Framework. As of June 30, 2015, the operating partnership continues to utilize the 1992 Framework during the transition to the 2013 Framework by the end of 2015. We expect that management's assessment of the overall effectiveness of our internal controls over financial reporting for the year ending December 31, 2015 will be based on the 2013 Framework and that the change will not be significant to our overall control structure over financial reporting.

## PART II—OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS.

None.

### ITEM 1A. RISK FACTORS.

The risk factors discussed under the heading “Risk Factors” and elsewhere in the company’s and the operating partnership’s Annual Report on Form 10-K for the year ended December 31, 2014 continue to apply to our business and should be supplemented with the following risk factor:

#### *Tax Liabilities and Attributes Inherited in Connection with Acquisitions.*

From time to time we may acquire other corporations or entities and, in connection with such acquisitions, we may succeed to the historic tax attributes and liabilities of such entities. For example, if we acquire a C corporation and subsequently dispose of its assets within ten years of the acquisition, we could be required to pay tax on any built-in gain attributable to such assets determined as of the date on which we acquired the assets. In addition, in order to qualify as a REIT, at the end of any taxable year, we must not have any earnings and profits accumulated in a non-REIT year. As a result, if we acquire a C corporation, we must distribute the corporation’s earnings and profits accumulated prior to the acquisition before the end of the taxable year in which we acquire the corporation. We also could be required to pay the acquired entity’s unpaid taxes even though such liabilities arose prior to the time we acquired the entity. Telx is a C corporation, and the Telx Acquisition raises each of these issues.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

#### *Digital Realty Trust, Inc.*

None.

#### *Digital Realty Trust, L.P.*

During the three months ended June 30, 2015, our operating partnership issued partnership units in private placements in reliance on the exemption from registration provided by Section 4(2) of the Securities Act, in the amounts and for the consideration set forth below:

During the three months ended June 30, 2015, Digital Realty Trust, Inc. issued an aggregate of 3,960 shares of its common stock upon the exercise of stock options. Digital Realty Trust, Inc. contributed the proceeds from the option exercises of approximately \$0.2 million to our operating partnership in exchange for an aggregate of 3,960 common units, as required by our operating partnership’s partnership agreement.

During the three months ended June 30, 2015, Digital Realty Trust, Inc. issued an aggregate of 1,546 shares of its common stock in connection with restricted stock awards for no cash consideration. For each share of common stock issued by Digital Realty Trust, Inc. in connection with such an award, our operating partnership issued a restricted common unit to Digital Realty Trust, Inc. During the three months ended June 30, 2015, our operating partnership issued an aggregate of 1,546 common units to Digital Realty Trust, Inc., as required by our operating partnership’s partnership agreement. During the three months ended June 30, 2015, an aggregate of 1,995 shares of its common stock were forfeited to Digital Realty Trust, Inc. in connection with restricted stock awards for a net forfeiture of 449 shares of common stock.

For these issuances of common units to Digital Realty Trust, Inc., our operating partnership relied on Digital Realty Trust, Inc.’s status as a publicly traded NYSE-listed company with approximately \$9.6 billion in total consolidated assets and as our operating partnership’s majority owner and general partner as the basis for the exemption under Section 4(2) of the Securities Act.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

### ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

### ITEM 5. OTHER INFORMATION.

None.

**ITEM 6. EXHIBITS.**

<b>Exhibit Number</b>	<b>Description</b>
2.1	Agreement and Plan of Merger by and among Telx Holdings, Inc., Digital Realty Trust, Inc., Digital Delta, Inc. and BSR LLC, dated as of July 13, 2015.
3.1	Articles of Amendment and Restatement of Digital Realty Trust, Inc., as amended (incorporated by reference to Exhibit 4.1 to Digital Realty Trust, Inc.'s Registration Statement on Form S-8 filed on April 28, 2014).
3.2	Fifth Amended and Restated Bylaws of Digital Realty Trust, Inc. (incorporated by reference to Exhibit 3.1 to Digital Realty Trust, Inc.'s Current Report on Form 8-K filed on May 2, 2014).
3.3	Certificate of Limited Partnership of Digital Realty Trust, L.P. (incorporated by reference to Exhibit 3.1 to Digital Realty Trust, L.P.'s General Form for Registration of Securities on Form 10 filed on June 25, 2010 (File No. 000-54023)).
3.4	Thirteenth Amended and Restated Agreement of Limited Partnership of Digital Realty Trust, L.P., as amended (incorporated by reference to Exhibit 3.4 to the Combined Quarterly Report on Form 10-Q of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. filed on May 12, 2014).
3.5	Second Amendment to Thirteenth Amended and Restated Agreement of Limited Partnership, as amended (incorporated by reference to Exhibit 3.1 to the Combined Current Report on Form 8-K of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. filed on July 14, 2015.)
4.1	Indenture, dated as of June 23, 2015, among Digital Realty Trust, L.P., as issuer, Digital Realty Trust, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Combined Current Report on Form 8-K of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. filed on June 23, 2015).
4.2	Supplemental Indenture No. 1, dated as of June 23, 2015, among Digital Realty Trust, L.P., as issuer, Digital Realty Trust, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, including the form of 3.950% Notes due 2022 and the guarantee (incorporated by reference to Exhibit 4.2 to the Combined Current Report on Form 8-K of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. filed on June 23, 2015).
10.1†	Employment Agreement, dated as of April 16, 2015, by and among Digital Realty Trust, Inc., DLR LLC and Andrew P. Power (incorporated by reference to Exhibit 10.1 to the Combined Current Report on Form 8-K of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. filed on April 16, 2015).
10.2†	Employment Agreement, dated as of April 16, 2015, by and among Digital Realty Trust, Inc., DLR LLC and Jarrett B. Appleby (incorporated by reference to Exhibit 10.2 to the Combined Current Report on Form 8-K of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. filed on April 16, 2015).
10.3	Release of Guarantors, dated as of April 27, 2015, executed by Digital Realty Trust, L.P., Prudential Investment Management, Inc., and the other Purchasers party to the Amended and Restated Note Purchase and Private Shelf Agreement, dated as of November 3, 2011.
10.4	Release of Guarantors, dated as of June 30, 2015, executed by Digital Realty Trust, L.P., Prudential Investment Management, Inc., and the other Purchasers party to the Amended and Restated Note Purchase and Private Shelf Agreement, dated as of November 3, 2011.
10.5	Joinder to Multiparty Guaranty, dated as of June 30, 2015, executed by the Additional Guarantor listed thereto pursuant to the Amended and Restated Note Purchase and Private Shelf Agreement, dated as of November 3, 2011.
10.6	Digital Realty Trust, Inc. 2015 Employee Stock Purchase Plan.
10.7†	Settlement Agreement and General Release, dated as of July 22, 2015, by and among Digital Realty Trust, Inc., Digital Realty Trust, L.P., DLR LLC and Michael F. Foust.
12.1	Statement of Computation of Ratios.
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer for Digital Realty Trust, Inc.
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer for Digital Realty Trust, Inc.
31.3	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer for Digital Realty Trust, L.P.
31.4	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer for Digital Realty Trust, L.P.
32.1	18 U.S.C. § 1350 Certification of Chief Executive Officer for Digital Realty Trust, Inc.

32.2	18 U.S.C. § 1350 Certification of Chief Financial Officer for Digital Realty Trust, Inc.
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101	The following financial statements from Digital Realty Trust, Inc.'s and Digital Realty Trust, L.P.'s Form 10-Q for the quarter ended June 30, 2015, formatted in XBRL interactive data files: (i) Condensed Consolidated Balance Sheets as of June 30, 2015 and December 31, 2014; (ii) Condensed Consolidated Income Statements for the three and six months ended June 30, 2015 and 2014; (iii) Condensed Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2015 and 2014; (iv) Condensed Consolidated Statements of Equity/Capital for the six months ended June 30, 2015; (v) Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2015 and 2014; and (vi) Notes to Condensed Consolidated Financial Statements.

† Management contract or compensatory plan or arrangement.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DIGITAL REALTY TRUST, INC.

August 6, 2015

/s/ A. WILLIAM STEIN

---

**A. William Stein**  
Chief Executive Officer  
(principal executive officer)

August 6, 2015

/s/ ANDREW P. POWER

---

**Andrew P. Power**  
Chief Financial Officer  
(principal financial officer)

August 6, 2015

/s/ EDWARD F. SHAM

---

**Edward F. Sham**  
Sr. Vice President and Controller  
(principal accounting officer)

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DIGITAL REALTY TRUST, L.P.

By: Digital Realty Trust, Inc.  
Its general partner

By:

August 6, 2015

/s/ A. WILLIAM STEIN

---

**A. William Stein**  
Chief Executive Officer  
(principal executive officer)

August 6, 2015

/s/ ANDREW P. POWER

---

**Andrew P. Power**  
Chief Financial Officer  
(principal financial officer)

August 6, 2015

/s/ EDWARD F. SHAM

---

**Edward F. Sham**  
Sr. Vice President and Controller  
(principal accounting officer)

**Exhibit Index**

<b>Exhibit Number</b>	<b>Description</b>
2.1	Agreement and Plan of Merger by and among Telx Holdings, Inc., Digital Realty Trust, Inc., Digital Delta, Inc. and BSR LLC, dated as of July 13, 2015.
3.1	Articles of Amendment and Restatement of Digital Realty Trust, Inc., as amended (incorporated by reference to Exhibit 4.1 to Digital Realty Trust, Inc.'s Registration Statement on Form S-8 filed on April 28, 2014).
3.2	Fifth Amended and Restated Bylaws of Digital Realty Trust, Inc. (incorporated by reference to Exhibit 3.1 to Digital Realty Trust, Inc.'s Current Report on Form 8-K filed on May 2, 2014).
3.3	Certificate of Limited Partnership of Digital Realty Trust, L.P. (incorporated by reference to Exhibit 3.1 to Digital Realty Trust, L.P.'s General Form for Registration of Securities on Form 10 filed on June 25, 2010 (File No. 000-54023)).
3.4	Thirteenth Amended and Restated Agreement of Limited Partnership of Digital Realty Trust, L.P., as amended (incorporated by reference to Exhibit 3.4 to the Combined Quarterly Report on Form 10-Q of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. filed on May 12, 2014).
3.5	Second Amendment to Thirteenth Amended and Restated Agreement of Limited Partnership, as amended (incorporated by reference to Exhibit 3.1 to the Combined Current Report on Form 8-K of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. filed on July 14, 2015.)
4.1	Indenture, dated as of June 23, 2015, among Digital Realty Trust, L.P., as issuer, Digital Realty Trust, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Combined Current Report on Form 8-K of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. filed on June 23, 2015).
4.2	Supplemental Indenture No. 1, dated as of June 23, 2015, among Digital Realty Trust, L.P., as issuer, Digital Realty Trust, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee, including the form of 3.950% Notes due 2022 and the guarantee (incorporated by reference to Exhibit 4.2 to the Combined Current Report on Form 8-K of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. filed on June 23, 2015).
10.1†	Employment Agreement, dated as of April 16, 2015, by and among Digital Realty Trust, Inc., DLR LLC and Andrew P. Power (incorporated by reference to Exhibit 10.1 to the Combined Current Report on Form 8-K of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. filed on April 16, 2015).
10.2†	Employment Agreement, dated as of April 16, 2015, by and among Digital Realty Trust, Inc., DLR LLC and Jarrett B. Appleby (incorporated by reference to Exhibit 10.2 to the Combined Current Report on Form 8-K of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. filed on April 16, 2015).
10.3	Release of Guarantors, dated as of April 27, 2015, executed by Digital Realty Trust, L.P., Prudential Investment Management, Inc., and the other Purchasers party to the Amended and Restated Note Purchase and Private Shelf Agreement, dated as of November 3, 2011.
10.4	Release of Guarantors, dated as of June 30, 2015, executed by Digital Realty Trust, L.P., Prudential Investment Management, Inc., and the other Purchasers party to the Amended and Restated Note Purchase and Private Shelf Agreement, dated as of November 3, 2011.
10.5	Joinder to Multiparty Guaranty, dated as of June 30, 2015, executed by the Additional Guarantor listed thereto pursuant to the Amended and Restated Note Purchase and Private Shelf Agreement, dated as of November 3, 2011.
10.6	Digital Realty Trust, Inc. 2015 Employee Stock Purchase Plan.
10.7†	Settlement Agreement and General Release, dated as of July 22, 2015, by and among Digital Realty Trust, Inc., Digital Realty Trust, L.P., DLR LLC and Michael F. Foust.
12.1	Statement of Computation of Ratios.
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer for Digital Realty Trust, Inc.
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† Management contract or compensatory plan or arrangement.

**AGREEMENT AND PLAN OF MERGER**

**BY AND AMONG**

**TELX HOLDINGS, INC.,**

**DIGITAL REALTY TRUST, INC.,**

**DIGITAL DELTA, INC.**

**AND**

**BSR LLC, AS THE SELLERS' REPRESENTATIVE**

**DATED AS OF JULY 13, 2015**

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## AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this "Agreement"), dated as of July 13, 2015 is made by and among Telx Holdings, Inc., a Delaware corporation (the "Company"), Digital Realty Trust, Inc., a Maryland corporation ("Parent"), Digital Delta, Inc., a Delaware corporation ("Merger Sub"), and BSR LLC, a Delaware limited liability company, solely in its capacity as the Sellers' representative (the "Representative"). The Company, the Representative, Parent and Merger Sub shall be referred to herein from time to time collectively as the "Parties". Capitalized terms used but not otherwise defined herein have the meanings ascribed to such terms in Article 1.

WHEREAS, the respective boards of directors of Parent, Merger Sub and the Company have approved and declared advisable the merger of Merger Sub with and into the Company upon the terms and subject to the conditions of this Agreement and in accordance with the DGCL, and the respective boards of directors of Parent, Merger Sub and the Company have approved and adopted this Agreement;

WHEREAS, the respective boards of directors of Parent, Merger Sub and the Company have determined that the Merger (as defined below) is fair to and in the best interest of their respective stockholders; and

WHEREAS, as a condition and inducement to Parent's and Merger Sub's willingness to enter into this Agreement, within two (2) Business Days of the date of this Agreement, the Company will obtain and deliver to Parent a written consent of stockholders of the Company, in the form attached as Exhibit A hereto (the "Stockholder Written Consent") executed by the Requisite Sellers, evidencing the adoption and approval of this Agreement, the Merger and the other transactions contemplated by this Agreement in accordance with the DGCL.

NOW, THEREFORE, in consideration of the premises and the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company, the Representative, Parent and Merger Sub hereby agree as follows:

### ARTICLE 1 CERTAIN DEFINITIONS

**Section 1.1 Certain Definitions.** As used in this Agreement, the following terms have the respective meanings set forth below.

"2015 Retention Plan" means the Company's 2015 Retention Plan.

"Accounting Firm" has the meaning set forth in Section 2.10(b)(ii)(B).

"Acquisition Transaction" has the meaning set forth in Section 6.7.

"Action" means any civil, criminal or administrative action, suit, claim, arbitration, governmental investigation, mediation, hearing or other proceeding by or before any court or other Governmental Entity.

"Additional Property Location" means each location set forth on Schedule 4.17(a)(ii)(A)(2).

"Adjustment Time" means 12:01 a.m. on the Closing Date.

"Affiliate" means, with respect to any Person, any other Person who directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlled" and "controlling" have meanings correlative thereto.

"Affiliated Persons" has the meaning set forth in Section 10.14.

“Aggregate Option Exercise Price” means the aggregate dollar amount that would be paid to the Company in respect of all Vested Company Options issued and outstanding as of immediately prior to the Effective Time (and assuming payment in full of the exercise price of each such Vested Company Option solely in cash) had such Vested Company Options been exercised in full by the Optionholder thereof in accordance with the terms of the applicable option agreement with the Company pursuant to which such Company Options were issued.

“Aggregate Warrant Exercise Price” means the aggregate dollar amount that would be paid to the Company in respect of the Company Warrant (assuming payment in full of the exercise price for each share of Common Stock into which the Company Warrant would have been converted immediately prior to the Effective Time) had such Company Warrant been exercised in full by the Beneficial Warrant Holders in accordance with the terms thereof.

“Agreement” has the meaning set forth in the introductory paragraph to this Agreement.

“Alternative Debt Commitment Letter” shall have the meaning set forth in Section 6.8(b).

“Alternative Debt Financing” shall have the meaning set forth in Section 6.8(b).

“Ancillary Documents” has the meaning set forth in Section 4.3.

“Anticipated Financing” means one or more of the following financing alternatives, in each case, to the extent Parent determines to seek any such financing in order to fund all or a portion of the Merger Consideration on the Closing Date: (i) any common and/or preferred equity financing in one or more public or private offerings (including any such equity financings pursuant to a forward contract, option or other derivative financial instrument offering); (ii) one or more issuances of debt securities by Parent and/or its Affiliates, whether in a publicly registered or “Rule 144A/Regulation S” offering; or (iii) amendments to Parent’s and/or its Affiliates’ existing credit facilities to increase availability thereunder or entry into new senior credit facilities or term loans.

“Beneficial Warrant Holders” has the meaning set forth in the Company Warrant.

“Business Day” means a day, other than a Saturday or Sunday, on which commercial banks in New York, New York, San Francisco, California and Boston, Massachusetts are open for the general transaction of business.

“Cash and Cash Equivalents” means with respect to any Person as of any time, the sum of the current fair market value (expressed in United States dollars) of all of such Person’s cash and cash equivalents (including (i) certificates of deposit (including the American Express certificate of deposit in the amount of \$500,000), marketable securities and other short term investments, (ii) cash and checks previously received whether or not cleared and (iii) petty cash) but excluding deposits or cash held as collateral or security and reduced by the amount of any outstanding checks and transfers.

“Certificate of Merger” has the meaning set forth in Section 2.3.

“Claim” has the meaning set forth in Section 9.1(a)(iii).

“Closing” has the meaning set forth in Section 2.2.

“Closing Cash” means the aggregate amount of Cash and Cash Equivalents of the Group Companies as of the Adjustment Time, minus the amount of (x) insurance proceeds received by the Group Companies on or after the date hereof and prior to the Closing in respect of casualty events (the “Insurance Proceeds”), except to the extent, prior to the Closing, such Insurance Proceeds or other cash sums have been expended by the Group Companies to repair or replace the damaged property, (y) cash proceeds received by the Group Companies as a result of a violation of Section 6.1(v), (viii), (xviii), (xx), (xxi), (xxvi) or (xxvii) (solely as it pertains to the foregoing provisions of Section 6.1), and (z) any cash that is or would be classified as “restricted cash” on a balance sheet of the Group Companies prepared and calculated on a consolidated basis for the Group Companies in accordance with GAAP and, to the extent consistent with GAAP, using the same accounting principles, practices, procedures, policies and methods (with consistent

classifications, judgments, inclusions, exclusions and valuation and estimation methodologies) used and applied by the Group Companies in the preparation of the Financial Statements for the year ended December 31, 2014.

“Closing Cash Payment” means an amount equal to the product of (i) the total number of shares of Common Stock outstanding immediately prior to the Effective Time (other than any Excluded Shares and Dissenting Shares), multiplied by (ii) the Estimated Price Per Share.

“Closing Date” has the meaning set forth in Section 2.2.

“Closing Indebtedness” means the aggregate amount of Indebtedness of the Group Companies as of the Adjustment Time.

“Closing Statement” has the meaning set forth in Section 2.10(b)(ii)(A).

“Closing Working Capital” means an amount equal to (i) the consolidated current assets of the Group Companies as of the Adjustment Time minus (ii) the consolidated current liabilities of the Group Companies as of the Adjustment Time, in each case, including and excluding from current assets and current liabilities, as applicable, those items set forth on Exhibit B. In addition, amounts included in Closing Indebtedness, Seller Expenses and Insurance Proceeds receivables (unless and solely to the extent an offsetting liability related to such receivables is included in current liabilities) will be excluded from Closing Working Capital. A sample calculation of Closing Working Capital as of May 31, 2015 is included in Exhibit B attached hereto.

“COBRA” means Part 6 of Subtitle B of Title I of ERISA, Section 4980B of the Code and any similar state law.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commission Agreements” has the meaning set forth in Section 4.17(h).

“Common Stock” means the common stock of the Company, par value of \$0.001 per share, including, as of immediately prior to the Effective Time, all shares of Common Stock issued in respect of the outstanding Company RSUs pursuant to the RSU Agreement.

“Company” has the meaning set forth in the introductory paragraph to this Agreement.

“Company Material Adverse Effect” means any fact, event, change, effect or development that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect upon (x) the condition (financial or otherwise), properties, assets, liabilities, business, or results of operations of the Group Companies, taken as a whole, or (y) the ability of the Company to consummate or timely perform the Merger or any of the transactions contemplated hereby; provided, however, that any adverse fact, event, change, effect or development arising from or related to any of the following shall not be taken into account in determining whether a “Company Material Adverse Effect” has occurred (unless, with respect to any fact, event, change, effect or development described in the following clauses (i), (ii), (iii), (iv), (v) and (vi), such fact, event, change, effect or development has a disproportionate effect on the Group Companies relative to other participants operating in the industry in which the Group Companies operate): (i) conditions affecting the United States economy generally, (ii) any earthquake, hurricane or other natural disaster or national or international political or social conditions, including the engagement by the United States in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack upon the United States, or any of its territories, possessions, or diplomatic or consular offices or upon any military installation, equipment or personnel of the United States, (iii) conditions affecting the United States or foreign credit, debt, capital, banking, securities or financial markets generally (including any general disruption thereof, changes in interest or exchange rates and any decline in the price of any security or any market index), (iv) changes in GAAP, (v) changes in any laws, rules, regulations, orders, or other binding directives issued by any Governmental Entity, (vi) any change that is generally applicable to the industries or markets in which the Group Companies operate, (vii) the public announcement of the transactions contemplated by this Agreement, (viii) any failure by the Group Companies to meet

any internal or published projections, forecasts or revenue or earnings predictions (although the underlying facts and circumstances resulting in such failure shall be taken into account unless otherwise provided herein), (ix) the taking of any action required by this Agreement and/or the Ancillary Documents, including the completion of the transactions contemplated hereby and thereby, or (x) any action taken at the express request of Parent or Merger Sub or with Parent's or Merger Sub's consent.

“Company Options” means any option to purchase one or more shares of Common Stock.

“Company Permits” has the meaning set forth in Section 4.9.

“Company RSUs” means the restricted stock units granted by the Company pursuant to that certain Restricted Stock Unit Agreement (the “RSU Agreement”), dated May 13, 2014, between the Company and Bill Fathers.

“Company Warrant” means that certain warrant to acquire shares of Common Stock issued to GI Manager L.P. for the benefit of the Beneficial Warrant Holders, dated as of September 26, 2011.

“Confidentiality Agreement” means the confidentiality agreement, dated as of May 18, 2015, by and between the Company and Digital Realty Trust, L.P., including any addendum thereto.

“Consideration Allocation Spreadsheet” has the meaning set forth in Section 6.15.

“Contract” means any contract, agreement, note, bond, mortgage, indenture, lease, license, instrument, arrangement or understanding, whether written or oral.

“Credit Arrangements” means (i) that certain First Lien Credit Agreement, dated as of April 9, 2014, by and among Telx Intermediate, Telx, the lenders from time to time party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent and as collateral agent, (ii) that certain Second Lien Credit Agreement, dated as of April 9, 2014, by and among Telx Intermediate, Telx, the lenders from time to time party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent and as collateral agent, (iii) the Note Purchase Agreement and (iv) that certain Mortgage, dated as of January 25, 2013, from Telx Clifton-I LLC to The Provident Bank in the original principal amount of \$17,500,000.

“Customer” means any party to a Customer Contract other than a Group Company.

“Customer Contract” means (i) any license, lease, sublease or other Contract with any Person pursuant to which a Group Company gives such Person a right to use or occupy space or telecommunications equipment and/or to receive any services related thereto including at the Owned Real Property and/or Leased Real Property or (ii) any master service agreement entered into between a Group Company and a Customer. Notwithstanding the foregoing, “Customer Contracts” shall not include Owned Real Property Sub Leases.

“Customer Contract Spreadsheet” has the meaning set forth in Section 4.19(a).

“Debt Financing” shall have the meaning set forth in Section 5.6.

“Debt Financing Commitments” shall have the meaning set forth in Section 5.6.

“Debt Financing Documents” shall have the meaning set forth in Section 6.8(a).

“Debt Payoff Recipients” has the meaning set forth in Section 2.12.

“Development Estoppel” means an estoppel from the City of Clifton, in form and substance reasonably and mutually agreed to by Purchaser and Seller in connection with that (a) Developer Agreement of the City of Clifton, dated February 14, 2012, between 2 Peekay Drive Associates, LLC, a New Jersey limited liability company, and the City of Clifton, a municipal corporation of the State of New Jersey, and recorded on February 29, 2012, in the Passaic

County Public Records, at Book D2149, Page 101, and (b) Developer Agreement of the City of Clifton, dated June 26, 2013, between Telx Clifton-I, LLC, a Delaware limited liability company, and the City of Clifton, a municipal corporation of the State of New Jersey, and recorded on July 16, 2013, in the Passaic County Public Records, at Book D2339, Page 44.

“DGCL” means the Delaware General Corporation Law.

“Disputed Line Items” has the meaning set forth in Section 2.10(b)(ii)(B).

“Dissenting Share” has the meaning set forth in Section 2.11.

“Dissenting Stockholder” has the meaning set forth in Section 2.11.

“Effective Time” has the meaning set forth in Section 2.3.

“Employee Benefit Plan” means each “employee benefit plan” (as such term is defined in Section 3(3) of ERISA) and each other material employee benefit plan, program or arrangement that any Group Company maintains, sponsors or contributes to, other than any plan, program or arrangement sponsored by or to which contributions are mandated by any Governmental Entity.

“Environmental Claim” means any written claim, Action, notice of violation, directive, consent order, consent decree, or notice by any Person alleging potential liability or responsibility arising out of, based on, or resulting from (i) the Handling of Hazardous Substances or (ii) any violation or alleged violation of any Environmental Law.

“Environmental Laws” means all applicable Laws relating to (a) pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, or the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); (b) human health and safety, including occupational safety, solely with respect to exposure to Hazardous Substances; (c) industrial hygiene; (d) hazardous waste disposal; and (e) the Release or Handling of Hazardous Substances.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Affiliate” with respect to any entity, means any other entity, trade or business (whether or not incorporated) that, together with such entity, is required to be treated as a single employer under Section 414(b), (c), (m) or (o) of the Code.

“Escrow Agent” means Wilmington Trust, National Association or another financial institution designated by the Representative and Parent.

“Escrow Agreement” means the Escrow Agreement, dated as of the Closing Date, entered into by and among the Representative, on behalf of the Sellers, the Escrow Agent and Parent, substantially in the form of Exhibit C attached hereto.

“Estimated Closing Statement” has the meaning set forth in Section 2.10(b)(i).

“Estimated Merger Consideration” has the meaning set forth in Section 2.10(b)(i).

“Estimated Price Per Share” means (a) (i) the Estimated Merger Consideration, minus (ii) the Working Capital Escrow Amount, minus (iii) the Representative Expense Amount, plus (iv) the Aggregate Option Exercise Price, plus (v) the Aggregate Warrant Exercise Price divided by (b) the Fully Diluted Common Shares.

“Excluded Shares” has the meaning set forth in Section 2.8(c).

“Exhibits” has the meaning set forth in Section 10.6.

“Existing Owned Property Title Policies” means (i) the Owner’s Policy of Title Insurance issued by Chicago Title Insurance Company, Policy Number 11968446 in the amount of \$130,000,000.00, dated June 21, 2010, with respect to the Owned Real Property located at 56 Marietta Street, Atlanta Georgia, and (ii) the ALTA Owner’s Policy issued by Stewart Title Guaranty Company, Policy Number O-9301-000202585, in the amount of \$29,000,000.00, dated December 5, 2012, with respect to the Owned Real Property located at 100 Delawanna Avenue, County of Passaic, New Jersey.

“Existing Title Policies” means the Existing Owned Property Title Policies, and all other policies of title insurance, including, without limitation, all endorsements thereto, issued to any of the Group Companies with respect to any of the Real Property.

“Final Merger Consideration” has the meaning set forth in Section 2.10(b)(ii)(D).

“Financial Statements” has the meaning set forth in Section 4.4.

“Financing” means the Anticipated Financing and the Debt Financing, as applicable.

“Financing Deliverables” means the following documents to be delivered in connection with the Debt Financing: (a) customary perfection certificates required in connection with the Debt Financing, corporate organizational documents and good standing certificates contemplated by the Debt Financing Commitments or reasonably requested by Parent or its Financing Sources; (b) with respect to each Debt Payoff Recipient, a copy of pay-off letter(s) and Lien releases in forms reasonably acceptable to Parent from such Debt Payoff Recipient (other than under the Note Purchase Agreement); (c) documentation, to the extent required, with respect to the redemption of the notes outstanding under the Note Purchase Agreement; (d) customary evidence of property and liability insurance of the Group Companies with customary endorsements in favor of secured Financing Sources; (e) documentation as may be required by bank regulatory authorities under applicable “know-your-customer” and anti-money laundering rules and regulations as well as to confirm compliance with OFAC and FCPA; and (f) agreements, documents or certificates that facilitate the creation, perfection or enforcement, in each case as of the Closing, of liens securing such Debt Financing (including original copies of all certificated securities (with transfer powers executed in blank), control agreements, surveys and title insurance) as are reasonably requested by Parent or its Financing Sources.

“Financing Information” means the following: (a) (i) audited consolidated balance sheets and related statements of income, changes in equity and cash flows of the Company for the three most recently completed fiscal years ended 60 days or more prior to the anticipated Closing Date and (ii) unaudited consolidated balance sheets and related statements of income, changes in equity and cash flows of the Company for each subsequent fiscal quarter ended 40 days or more prior to the anticipated Closing Date (but excluding the fourth quarter of any fiscal year) and (b) as promptly as practical, all financial statements, financial data, audit reports and other information of the type required by Regulation S-X and Regulation S-K under the Securities Act and other accounting rules and regulations of the SEC as may reasonably be requested of the type and form customarily included in registered public offerings or private placement memoranda pursuant to Rule 144A of the Securities Act (which, for the avoidance of doubt, in no event shall require pro forma financial information or financial information otherwise required by Rule 3-09, Rule 3-10 and Rule 3-16 of Regulation S-X and any disclosure or Compensation Discussion and Analysis required by Item 402 of Regulation S-K). The financial statements included in the “Financing Information” shall be prepared in accordance with GAAP and Regulation S-X.

“Financing Sources” shall mean the entities that have directly or indirectly committed to provide or otherwise entered into agreements in connection with all or any part of the Anticipated Financing and/or the Debt Financing in connection with the transactions contemplated hereby and their respective Affiliates, including the parties to the Debt Financing Commitments and any joinder agreements, indentures or credit agreements relating thereto, and parties to any underwriting or purchase agreement, in each case together with any of their respective former, current or future general or limited partners, direct or indirect shareholders or equity holders, managers, members, directors, officers, employees, Affiliates, representatives or agents or any former, current or future general or limited partner, direct or indirect shareholder or equityholder, manager, member, director, officer, employee, Affiliate representative or agent of the foregoing and their respective successors and assigns.

“Fraud” means an act, committed by a party hereto, with intent to deceive another party hereto, or to induce such party to enter into the contract and requires (i) a false representation of material fact made herein; (ii) with knowledge that such representation is false; (iii) with an intention to induce the party to whom such representation is made to act or refrain from acting in reliance upon it; (iv) causing that party, in justifiable reliance upon such false representation and with ignorance to the falsity of such representation, to take or refrain from taking action; and (v) causing such party to suffer damage by reason of such reliance.

“Fully Diluted Common Shares” means the sum of (a) all shares of the Common Stock issued and outstanding immediately prior to the Effective Time (other than shares of Common Stock held in the treasury of the Company, if any, and including, for the avoidance of doubt, the shares of Common Stock into which each Company RSU will convert pursuant to Section 2.9(b)) plus (b) the aggregate number of shares of Common Stock issuable upon the deemed exercise of all Vested Company Options that are outstanding immediately prior to the Effective Time plus (c) the aggregate number of shares of Common Stock issuable upon the deemed exercise and conversion of the Company Warrant immediately prior to the Effective Time.

“Fundamental Representations” means the representations and warranties of the Company contained in Section 4.1(a) (Organization), Section 4.2(a)-(d) (Capitalization), Section 4.3 (Authority) and Section 4.17(a)(i)(A) (Owned Real Property).

“GAAP” means United States generally accepted accounting principles.

“Governing Documents” means the legal document(s) by which any Person (other than an individual) establishes its legal existence or which govern its internal affairs. For example, the “Governing Documents” of a corporation are its certificate of incorporation and by-laws, the “Governing Documents” of a limited partnership are its limited partnership agreement and certificate of limited partnership and the “Governing Documents” of a limited liability company are its operating agreement and certificate of formation.

“Governmental Entity” means any (i) federal, state, local, municipal, foreign or other government, (ii) governmental or quasi-governmental entity (or political subdivision thereof) of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal) or (iii) body exercising, or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature, including any commission, arbitral tribunal or instrumentality, of any of the foregoing in clauses (i) and (ii).

“Group Companies” means, collectively, the Company and each of its Subsidiaries (direct or indirect).

“Group Company IP Rights” has the meaning set forth in Section 4.12.

“Handling of Hazardous Substances” means the production, use, reuse, generation, Release, storage, treatment, formulation, processing, labeling, distribution, introduction into commerce, registration, transportation, reclamation, recycling, disposal, arranging for disposal, discharge or other handling or disposition of Hazardous Substances.

“Hazardous Substances” means any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral or gas, in each case, whether naturally occurring or man-made, that is described as hazardous, acutely hazardous, polluting, infectious or toxic, or using words of similar import or regulatory effect under Environmental Laws, including but not limited to any petroleum or petroleum-derived products, radon, asbestos in any form, lead or lead-containing materials, polychlorinated biphenyls, toxic mold or any other chemical, material or substance, the exposure to which is prohibited, limited or regulated by any Governmental Entity on the basis that such chemical, material or substance is toxic, hazardous or harmful to human health or the environment.

“HSR Act” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

“Improvements” means the Leased Real Property Improvements and the Owned Real Property Improvements.

“Indebtedness” means, as of any time, without duplication, the outstanding principal amount of, accrued and unpaid interest on, and other payment obligations (including any prepayment penalties, premiums, costs, breakage, make-whole amounts, fees, expenses or other amounts payable upon the discharge thereof at the Closing) arising under or related to, any obligations of any Group Company for (i) indebtedness for borrowed money (including amounts due and owing under applicable Credit Arrangements), (ii) obligations evidenced by any note, bond, debenture or other similar instrument or debt security (including amount due and owing under applicable Credit Arrangements), (iii) obligations with respect to leases required to be accounted for as capital leases, failed sale-leaseback transactions or similar financing arrangements under GAAP, including the NJR3 Lease, (iv) deferred purchase price obligations (including any earn-out obligations (whether or not contingent and regardless of when due)), (v) interest rate, currency or commodity derivatives or hedging transactions (valued at the termination value thereof), (vi) letters of credit (to the extent drawn upon), (vii) direct and indirect guarantees, support or keep-well obligations in respect of any indebtedness of a third party of the type described in the foregoing clauses (i) through (v), (viii) all obligations of the type described in the foregoing clauses (i) through (vi) secured by (or for which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any Lien on property or assets and (ix) the items set forth on Schedule 1.1(a). Notwithstanding the foregoing, “Indebtedness” shall not include any (x) obligations under operating leases or real property leases (other than as set forth in clause (iii) with respect to failed sale-leaseback transactions), (y) amounts included as Seller Expenses or (z) any other amounts otherwise taken into account in the calculation of Closing Working Capital.

“Indemnification Agreements” has the meaning set forth in Section 6.6.

“Indemnitees” has the meaning set forth in Section 6.6(a).

“Indemnitors” has the meaning set forth in Section 6.6(b).

“Information Privacy and Security Laws” means all applicable Laws concerning the privacy or security of Personal Information and all regulations promulgated thereunder.

“Infrastructure Agreements” means each infrastructure agreement, conduit lease, dark fiber lease, utility, HVAC, colocation agreement, concession agreement or similar agreement affecting the ability to use telecommunications equipment or services at the Real Property to which any Group Company is a party, and all amendments, modifications, extensions or supplements thereto; provided, however, that “Infrastructure Agreements” shall not include any Owned Real Property Sub Leases, Material Real Property Leases or Customer Contracts.

“Intellectual Property Rights” means all intellectual rights in any jurisdiction, including all (i) patents and patent applications, along with all reissues, continuations, continuations-in-part, revisions, divisionals, extensions, and reexaminations in connection therewith, (ii) trademarks, service marks, trade names, corporate names, trade dress, logos and other indicia of origin, along with all registrations and applications therefor, and all goodwill associated with any of the foregoing, (iii) works of authorship (whether or not copyrightable), copyrights and all registrations and applications therefor, (iv) Internet domain names, (v) trade secrets and other confidential or proprietary business information (including with respect to inventions (whether or not patentable or reduced to practice)), and (vi) any of the foregoing rights in software.

“IT Assets” has the meaning set forth in Section 4.12(f).

“Knowledge” means, with respect to the Company, the actual knowledge of any of the following individuals: Chris Downie, John Abbot, Hector Hernandez, Clayton Mynard, Anthony Rossabi, Michael Terlizzi and Deborah McAdam.

“Landlord” means each landlord or other applicable counterparty under a Material Real Property Lease.

“Landlord Estoppel” means an estoppel from a Landlord on a commercially reasonable form to be mutually agreed to by the Company and Parent.

“Latest Balance Sheet” has the meaning set forth in Section 4.4(a).

“Law” means any statute, law, ordinance, regulation, rule, code, injunction, judgment, decree, treaty, protocol, directive or order of any Governmental Entity, including common law, and including but not limited to the United States Foreign Corrupt Practices Act of 1977, as amended, the United and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56, as amended, and any directives or requirements of the Office of Foreign Assets Control of the U.S. Department of the Treasury.

“Leased Land” means those parcels of real property or portions thereof in which any of the Group Companies has an interest pursuant to a Material Real Property Lease.

“Leased Real Property” means the Leased Land and the Leased Real Property Improvements.

“Leased Real Property Improvements” means all improvements owned by the Group Companies located on or affixed to any Leased Land, including, without limitation, all buildings and parking structures, together with all mechanical systems (including without limitation, all heating, air conditioning and ventilating systems and overhead doors), fixtures, facilities, equipment, conduits, motors, appliances, boiler pressure systems and equipment, air compressors, air lines, gas-fixed unit heaters, baseboard heating systems, water heaters and water coolers, plumbing fixtures, lighting systems (including all fluorescent and mercury vapor fixtures), transformers, switches, furnaces, bus ducts, controls, risers, facilities, installations and sprinkling systems to provide fire protection, security, heat, air conditioning, ventilation, exhaust, electrical power, light, telephone, storm drainage, gas, plumbing, refrigeration, sewer and water thereto, all internet exchange facilities, telecommunications networks and facilities base IP, conduits, fiber optic cables, all cable television fixtures and antenna, elevators, escalators, incinerators, disposals, rest room fixtures and other fixtures, equipment, motors and machinery located in or upon any Leased Land and other improvements now or hereafter on the Leased Land.

“Letter of Transmittal” has the meaning set forth in Section 3.2.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien (statutory or otherwise), claim, charge, deed of trust, option, right of first refusal, first offer or similar pre-emptive right, hypothecation, conditional sale or restriction on transfer of title or voting, easements, right of way, covenant, encroachment, condition or restriction or any other encumbrance to title.

“Lost Certificate Affidavit” has the meaning set forth in Section 3.2.

“Management Services Agreement” means that certain Management Services Agreement, dated September 26, 2011, by and among the Company, Telx, Berkshire Partners LLC, a Massachusetts limited liability company and ABRY VII Capital Partners, L.P., a Delaware limited partnership.

“Marketing Period” means the first period of fifteen (15) consecutive calendar days throughout which (x) Parent shall have all of the Financing Information and during which such period such information shall remain compliant at all times with the applicable provisions of Regulation S-X and Regulation S-K under the Securities Act and (y) nothing has occurred and no condition exists that would cause any of the conditions set forth in Section 7.1 and Section 7.2 (not including conditions which are to be satisfied by actions taken at the Closing) to fail to be satisfied, assuming that the Closing Date were to be scheduled for any time during such fifteen (15) consecutive calendar day period; provided that the Marketing Period will not be deemed to commence if the financial statements included in the Financing Information that is available to Parent on the first day of the Marketing Period would not be sufficiently current on any day during such period to satisfy the requirements of Rule 3-12 of Regulation S-X for a registration statement of Parent using such financial statements to be declared effective by the SEC on the last day of such period; provided, further, that the “Marketing Period” shall not commence until the condition in Section 7.2(e) shall be satisfied (as determined in accordance with the Side Letter) or waived by Parent; provided, further, that the “Marketing Period” shall commence no earlier than September 8, 2015; and provided, further, that the “Marketing Period” shall not be deemed to have commenced if, prior to the completion of the Marketing Period, the Company’s independent auditors shall have withdrawn its audit opinion with respect to any financial statements included in the Financing Information; and,

provided, further, that if the Company reasonably believes in good faith that it has furnished Parent with the Financing Information and that the Marketing Period has commenced and delivers to Parent a written notice to such effect, then the Marketing Period shall be deemed to have commenced on the date of the delivery of such notice unless, as of the date of the delivery of such notice, Parent reasonably believes in good faith that the Financing Information has not been so furnished or that the Marketing Period has not commenced and, within three (3) Business Days of such receipt, delivers a written notice to the Company to that effect (stating with reasonable specificity which of the Financing Information the Company has not furnished and why the Marketing Period has not commenced).

“Material Contracts” has the meaning set forth in Section 4.6.

“Material Customers” has the meaning set forth in Section 4.19(a).

“Material Customer Contracts” has the meaning set forth in Section 4.19(a).

“Material Real Property Lease” means each lease, sublease, license, colocation agreement, concession agreement, occupancy agreement or other agreement to use or occupy space (other than *de minimis* space (e.g., a couple of racks or a cabinet)) in, at or about any real property, pursuant to which any of the Group Companies is a lessee, sublessee, licensee, authorized user or entity to which space or services are provided, and all amendments, modifications, extensions or supplements thereto or guaranties thereof; provided, however, that “Material Real Property Lease” shall not include any Infrastructure Agreements.

“Merger” has the meaning set forth in Section 2.1.

“Merger Consideration” has the meaning set forth in Section 2.10(a).

“Merger Sub” has the meaning set forth in the introductory paragraph to this Agreement.

“Multiemployer Plan” has the meaning set forth in Section 3(37) of ERISA.

“New Plans” has the meaning set forth in Section 6.11.

“NJR3 Lease” means the Lease Agreement, dated November 16, 2011, between 2 Peekay Associates, LLC and Telx-Clifton, LLC, as amended by the First Amendment, dated August 16, 2013, and the Second Amendment, dated October 1, 2013 for certain premises located at 2 Peekay Drive, Clifton, New Jersey 07014.

“Non-Recourse Parties” has the meaning set forth in Section 10.14.

“Note Purchase Agreement” means that certain Note Purchase Agreement, dated as of April 9, 2014, by and among Telx Financing, Inc., the purchasers from time to time party thereto and Highbridge Principal Strategies - Institutional Mezzanine Partners, L.P. and each other party thereto from time to time.

“Notice of Disagreement” has the meaning set forth in Section 2.10(b)(ii)(B).

“Option Consideration” has the meaning set forth in Section 2.9(a).

“Option Payment” has the meaning set forth in Section 2.9(a).

“Optionholders” means those Persons who hold Company Options.

“Other Seller Payment” means any additional cash amounts (without interest) payable from time to time to the Sellers pursuant to Section 2.10(b)(ii)(E) and Section 9.1(b).

“Other Seller Payment Per Share Amount” means, with respect to any Other Seller Payment, the amount of such Other Seller Payment divided by the Fully Diluted Common Shares.

“Owned Land” means all of the real property more particularly described on Schedule 4.17(a).

“Owned Real Property” means the Owned Land and the Owned Real Property Improvements.

“Owned Real Property Improvements” means all buildings and other improvements owned by the Group Companies located on or affixed to any Owned Land, including, without limitation, all buildings and parking structures, together with all mechanical systems (including without limitation, all heating, air conditioning and ventilating systems and overhead doors), fixtures, facilities, equipment, conduits, motors, appliances, boiler pressure systems and equipment, air compressors, air lines, gas-fixed unit heaters, baseboard heating systems, water heaters and water coolers, plumbing fixtures, lighting systems (including all fluorescent and mercury vapor fixtures), transformers, switches, furnaces, bus ducts, controls, risers, facilities, installations and sprinkling systems to provide fire protection, security, heat, air conditioning, ventilation, exhaust, electrical power, light, telephone, storm drainage, gas, plumbing, refrigeration, sewer and water thereto, all internet exchange facilities, telecommunications networks and facilities base IP, conduits, fiber optic cables, all cable television fixtures and antenna, elevators, escalators, incinerators, disposals, rest room fixtures and other fixtures, equipment, motors and machinery located in or upon any Owned Land and other improvements now or hereafter on the Owned Land.

“Owned Real Property Sub Lease” has the meaning set forth in Section 4.17(a)(i).

“Owned Real Property Tenant Estoppel” means an estoppel on a commercially reasonable form to be mutually agreed to by the Company and Parent.

“Owner’s Affidavits” has the meaning set forth in Section 6.3(c).

“Parachute Payment Waiver” means, with respect to any Person, a written agreement waiving such Person’s right to receive any “parachute payments” (within the meaning of Section 280G of the Code and the Department of Treasury regulations promulgated thereunder) solely to the extent required to avoid the imposition of a tax by virtue of the operation of Section 280G of the Code and to accept in substitution therefor the right to receive such payments only if approved by the shareholders of the Company in a manner that complies with Section 280G(b)(5)(B) of the Code and the regulations promulgated thereunder.

“Parent” has the meaning set forth in the introductory paragraph to this Agreement.

“Parent Excess Amount” means the amount, if any, by which the Final Merger Consideration exceeds the Estimated Merger Consideration.

“Parties” has the meaning set forth in the introductory paragraph to this Agreement.

“Paying Agent” has the meaning set forth in Section 3.1.

“PCB” means polychlorinated biphenyl.

“Permitted Liens” means, for assets other than Real Property, (a) Liens for Taxes, assessments or other governmental charges not yet due and payable or which are being contested in good faith and for which adequate reserves have been established in accordance with GAAP, (b) Liens securing the obligations of the Group Companies under the Credit Arrangements, (c) Liens granted to any lender at the Closing in connection with any financing by Parent or Merger Sub of the transactions contemplated hereby, (d) in the case of any leased asset, the rights of any lessor under the applicable lease contract or any Lien granted by any lessor, and (e) Liens described on Schedule 1.1(b). Notwithstanding anything to the contrary herein, “Permitted Liens” means, for all Real Property, (a) Liens for Taxes which are not yet due and payable or which are being contested in good faith and for which adequate reserves have been established in accordance with GAAP, (b) Liens securing the obligations of the Group Companies under the Credit Arrangements, (c) Liens granted to any lender at the Closing in connection with any financing by Parent or Merger Sub of the transactions contemplated hereby, (d)(i) with respect to the Leased Real Property, any encumbrances against the underlying fee interest of the applicable Landlord, and (ii) with respect to the Owned Real Property, those

exceptions to title set forth in the Existing Owned Property Title Policies, (e) mechanic's, materialmen's, carriers', repairers' and other Liens arising or incurred in the ordinary course of business for amounts that are not yet delinquent or are being contested in good faith in an aggregate amount not to exceed \$1,000,000 in the aggregate, (f) other encumbrances and restrictions on real property (including easements, covenants, conditions, rights of way and similar restrictions) that do not materially interfere with the Group Companies' present uses or occupancy of such real property, and (g) matters that are disclosed by a survey made available by the Group Companies to Parent prior to the date hereof. Notwithstanding the foregoing, at Closing, "Permitted Liens" shall not include Liens securing any Indebtedness of any Group Company under the Credit Arrangements that the Company is required to repay in connection with the Closing if such Liens are not released upon the Closing.

"Person" means an individual, partnership, corporation, limited liability company, joint stock company, unincorporated organization or association, trust, joint venture, association or other similar entity, whether or not a legal entity.

"Personal Information" means (i) any information with respect to which there is a reasonable basis to believe that the information can be used to identify, contact, or locate an individual, including demographic information; (ii) social security numbers; or (iii) any information that is regulated or protected by one or more Information Privacy and Security Laws.

"Plans" is defined in Section 4.17(l).

"Pro Rata Share" means, with respect to each Seller, a percentage obtained by dividing (a) (i) in the case of any Stockholder, the aggregate number of shares of Common Stock held by such Person immediately prior to the Effective Time or (ii) in the case of any holder of Vested Company Options or Beneficial Warrant Holder, the aggregate number of shares of Common Stock into which such Person's Vested Company Options or pro rata beneficial interest in the Company Warrant, as applicable, would have been converted if such Vested Company Options or Company Warrant would have been exercised in full immediately prior to the Effective Time by (b) the total number of Fully Diluted Common Shares outstanding immediately prior to the Effective Time.

"Prohibited Service Order" means, one or more Service Orders with a single tenant or Customer that would (a) (1) provide any concession or credit to a Person or materially increase the obligations of any of the Group Companies in connection with a Customer Contract, or Owned Real Property Lease, without receiving any commercially reasonable benefit from the other party thereunder, or (2) require any Group Company to provide a level of power to any Person that such Group Company could not reasonably provide, or (b) prohibit any of the Group Companies from assigning all or any portion of its rights and obligations under a Customer Contract or Owned Real Property Sub Lease to an entity controlled by or under common control with the Company.

"REA Estoppel" means an estoppel from 2 Peekay Associates, LLC, a New Jersey limited liability company (or its successor), in form and substance reasonably acceptable to Seller and Parent in connection with that certain Reciprocal Easement Agreement, between Palisades Plaza Associates, L.P., a New Jersey limited partnership, and dated March 2, 2012, and recorded March 8, 2012, in the Passaic County Public Records at Book D2152, Page 132, amended by that certain First Amendment to Reciprocal Easement Agreement, between Telx-Clifton I, LLC, a Delaware limited liability company (as successor-in-interest to Palisades Plaza Associates, L.P.) and 2 Peekay Associates, LLC, a New Jersey limited liability company, dated May 31, 2013, and recorded September 10, 2013, in the Passaic County Public Records at Book D2365, Page 163.

"Real Property" means Leased Real Property and Owned Real Property.

"Real Property Approvals" means all permits, licenses, franchises, certifications, authorizations, approvals and permits issued by any governmental or quasi-governmental authorities for the ownership, operation, use and occupancy of any of the Real Property by any of the Group Companies or by any other Person deriving its rights by, through or from any of the Group Companies.

"Realty" means the Real Property, the Realty Personal Property and the Realty Intangible Property.

“Realty Intangible Property” means all intangible property now or on the Closing Date owned by any of the Group Companies in connection with the Real Property or the Realty Personal Property including without limitation all of the Group Companies’ right, title and interest in and to all environmental reports, soil reports, utility arrangements, warranties, guarantees, indemnities, claims, licenses, applications, permits, governmental approvals, plans, drawings, specifications, surveys, maps, engineering reports and other technical descriptions, books and records, licenses, authorizations, applications, permits and all other Realty approvals, insurance proceeds and condemnation awards, Contracts, and all other intangible rights used in connection with or relating to the Real Property or the Realty Personal Property or any part thereof.

“Realty Personal Property” means any and all personal property owned by the any of the Group Companies, including, without limitation, furniture, equipment, machinery, rack systems, inventories, supplies, signs, fiber optic wires commonly referred to as “dark fibers” running underground and other tangible personal property of every kind and nature owned by the Group Companies and installed, located at or used in connection with the operation, maintenance, ownership and/or occupancy of the Realty.

“Release” means any release, spill, emission, leaking, pumping, pouring, dumping, emptying, injection, deposit, disposal, discharge, dispersal, leaching, or migration into or through the environment, including in, on, about or under any real property.

“Released Parties” has the meaning set forth in Section 10.15.

“Releasing Parties” has the meaning set forth in Section 10.15.

“Representative” has the meaning set forth in the introductory paragraph of this Agreement.

“Representative Excess Amount” means the amount, if any, by which the Estimated Merger Consideration exceeds the Final Merger Consideration.

“Representative Expense Account” has the meaning set forth in Section 9.1(b).

“Representative Expense Amount” means \$1,000,000.

“Representative Review Period” has the meaning set forth in Section 2.10(b)(ii)(B).

“Required Consent” shall have the meaning set forth in the Side Letter.

“Requisite Sellers” means Berkshire Investors III LLC, Berkshire Investors IV LLC, Berkshire Fund VII, L.P., Berkshire Fund VII-A, L.P., Berkshire Fund VIII, L.P., Berkshire Fund VIII-A, L.P., ABRY Partners VII, L.P., ABRY Partners VII Co-Investment Fund, L.P. and ABRY Investment Partnership, L.P.

“Requisite Stockholder Approval” means the vote or written consent of holders of at least a majority of the voting power of the issued and outstanding shares of Common Stock entitled to vote on the adoption of this Agreement and approve the Merger and the other transactions contemplated by this Agreement.

“RSU Agreement” has the meaning set forth in the definition of Company RSUs.

“Schedules” has the meaning set forth in Article 4.

“Second Request” has the meaning set forth in Section 6.5(c).

“Section 280G Payments” has the meaning set forth in Section 6.13.

“Seller” means, collectively, as of immediately prior to the Effective Time, (i) each holder of shares of Common Stock that does not perfect such holder’s appraisal rights under the DGCL, (ii) each holder of Vested Company Options and (iii) each Beneficial Warrant Holder.

“Seller Expenses” means (i) the out-of-pocket costs, fees and expenses incurred by the Group Companies in connection with the transactions contemplated hereby for investment bankers, accountants, lawyers and other professional advisors (including all fees, costs and expenses of the Company’s investment bankers, accountants, lawyers and other professional advisors in connection with the restatement of the Financial Statements), (ii) any fees or other amounts payable due at the Closing pursuant to the Management Services Agreement (including any amounts payable upon the termination of such agreements), and (iii) any amounts payable by the Seller under the Side Letter. For the avoidance of doubt, any amounts that become due and payable under the 2015 Retention Plan shall not be deemed to be Seller Expenses.

“Seller Related Parties” means Company, Seller, and each of their respective stockholders, partners, members, Affiliates, directors, officers, employees, controlling persons and agents.

“Service Orders” means all written requests for goods and services of any kind or nature made by a Customer or issued by a Group Company to a Customer, whether or not pursuant to a Customer Contract.

“Shareholders Agreement” means that certain Shareholders’ Agreement of the Company, dated as of September 26, 2011, by and among the Company and the other parties signatory thereto, as amended.

“Side Letter” means the letter agreement among the Company, the Representative, Parent and Merger Sub, dated as of the date hereof, relating to the Required Consent and certain other matters.

“Stock Certificate” has the meaning set forth in Section 3.2.

“Stockholders” means the holders of shares of Common Stock.

“Straddle Periods” means, with respect to any Group Company, any taxable period that includes, but does not end on, the Closing Date.

“Subsidiary” means, with respect to any Person, any corporation, limited liability company, partnership, association or other business or legal entity of which (i) if a corporation, a majority of the total voting power of shares of capital stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof or (ii) if a limited liability company, partnership, association, or other business or legal entity (other than a corporation), a majority of the partnership or other similar ownership interests thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more Subsidiaries of such Person or a combination thereof and for this purpose, a Person or Persons own a majority ownership interest in such a business entity (other than a corporation) if such Person or Persons shall be allocated a majority of such business entity’s gains or losses or shall be a, or control any, managing director or general partner of such business entity (other than a corporation). The term “Subsidiary” shall include all Subsidiaries of such Subsidiary.

“Surviving Corporation” has the meaning set forth in Section 2.1.

“Target Working Capital” means negative \$4,500,000.

“Tax” means any federal, state, local or foreign income, gross receipts, franchise, estimated, alternative minimum, add-on minimum, sales, use, transfer, real property gains, registration, value added, excise, natural resources, severance, stamp, occupation, windfall profits, environmental (under Section 59A of the Code), customs, duties, real property, personal property, capital stock, social security (or similar), unemployment, disability, payroll, license, employee or other withholding, or other tax, of any kind whatsoever, including any interest or penalties in respect of the foregoing or addition thereto, whether disputed or not, and including any obligation to indemnify or otherwise

assume or succeed to the Tax liability of any other Person by Law or by contract (other than any commercial contract the principal purpose of which does not relate to Taxes).

“Tax Return” means any return, declaration, report, claim for refund or information return or statement relating to Taxes filed with a Tax authority, including any schedule or attachment thereto, and including any amendment thereof.

“Telx” means The Telx Group Inc., a Delaware corporation.

“Telx Intermediate” means Telx Intermediate Inc., a Delaware corporation.

“Termination Date” has the meaning set forth in Section 8.1(d).

“Title Deliveries” has the meaning set forth in Section 6.3(c).

“Transfer Taxes” has the meaning set forth in Section 6.2.

“Treasury Regulations” means the regulations promulgated under the Code by the United States Department of the Treasury.

“Updated Title Policies” is defined in Section 6.3(c).

“Vested Company Option” means any vested and unexercised Company Option outstanding as of immediately prior to the Effective Time, including Company Options that vest as a result of the consummation of the transactions contemplated by this Agreement or any other outstanding and unexercised Company Option whose vesting is accelerated (in the sole discretion of the Company) such that it would vest in connection with the consummation of the transactions contemplated by this Agreement.

“Warrant Consideration” has the meaning set forth in Section 2.9(b).

“Working Capital Escrow Account” means the escrow account established in respect of the Working Capital Escrow Amount pursuant to the Escrow Agreement.

“Working Capital Escrow Amount” means \$5,000,000.

## **ARTICLE 2 EFFECTS OF MERGER**

**Section 2.1 Merger.** Upon the terms and subject to the conditions set forth in this Agreement, and in accordance with the DGCL, Merger Sub shall be merged with and into the Company (the “Merger”) at the Effective Time. Following the Effective Time, the separate existence of Merger Sub shall cease and the Company shall continue as the surviving entity of the Merger (the “Surviving Corporation”) and shall succeed to and assume all the rights and obligations of Merger Sub in accordance with the DGCL.

**Section 2.2 Closing of the Merger.** The closing of the Merger (the “Closing”) shall take place at 10:00 a.m., New York time, on a date to be specified by the parties hereto, which shall be no later than the second (2nd) Business Day after satisfaction (or waiver) of the conditions set forth in Article 7 (not including conditions which are to be satisfied by actions taken at the Closing), at the offices of Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, unless another time, date or place is agreed to in writing by the parties hereto; provided, however, that if the Marketing Period has not ended at the time of the satisfaction (or waiver) of the conditions set forth in Article 7 (not including conditions which are to be satisfied by actions taken at the Closing), the Closing shall occur on the earlier to occur of (a) a date prior to or during the Marketing Period specified by Parent on no less than three Business Days’ notice to the Company and (b) the third (3rd) Business Day after the end of the Marketing Period (subject in each case to the satisfaction or waiver (by the party entitled to grant such waiver) of all the conditions set forth in Article

7 for the Closing as of the date determined pursuant to this proviso). The “Closing Date” shall be the date on which the Closing is consummated.

**Section 2.3 Effective Time.** Subject to the terms and conditions set forth in this Agreement, on the Closing Date (or such other date as Parent and the Company may agree), the Parties hereto shall cause a certificate of merger with respect to the Merger (in any such case, the “Certificate of Merger”) to be executed and filed with the Secretary of State of the State of Delaware in such form as required by, and in accordance with applicable provisions of, the DGCL. The Merger shall become effective at the time that the Certificate of Merger is accepted for filing by the Secretary of State of the State of Delaware or at such later date and time as the Parties shall have agreed upon and specified in the Certificate of Merger (the time the Merger becomes effective being referred to herein as the “Effective Time”).

**Section 2.4 Effect of the Merger.** At and after the Effective Time, the Merger will have the effect set forth in this Agreement and the applicable provisions of the Certificate of Merger and the DGCL. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time all of the property, rights, privileges, powers and franchises of the Company and Merger Sub shall vest in the Surviving Corporation, and all debts, liabilities and duties of the Company and Merger Sub shall become the debts, liabilities and duties of the Surviving Corporation.

**Section 2.5 Certificate of Incorporation.** From and after the Effective Time, the certificate of incorporation of Merger Sub as in effect immediately prior to the Effective Time, shall be the certificate of incorporation of the Surviving Corporation until thereafter amended in accordance with the provisions thereof and applicable Law, in each case consistent with the obligations set forth in Section 6.6.

**Section 2.6 Bylaws.** From and after the Effective Time, the bylaws of Merger Sub as in effect immediately prior to the Effective Time shall be the bylaws of the Surviving Corporation until thereafter amended in accordance with the provisions thereof and applicable Law, in each case consistent with the obligations set forth in Section 6.6.

**Section 2.7 Directors and Officers.** From and after the Effective Time, (a) the directors of the Merger Sub immediately prior to the Effective Time shall be the initial directors of the Surviving Corporation, and (b) the officers of the Merger Sub immediately prior to the Effective Time shall be the initial officers of the Company, in each case, until their respective successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the certificate of incorporation and the bylaws of the Surviving Corporation and applicable Law, as in effect from time to time.

**Section 2.8 Effect on Capital Stock.** At the Effective Time, by virtue of the Merger and without any action on the part of the Company, Parent, Merger Sub or the stockholders of any of the foregoing:

(a) Each share of common stock, par value \$0.001, of Merger Sub issued and outstanding immediately prior to the Effective Time shall cease to be outstanding and shall be converted into one validly issued, fully paid and non-assessable share of common stock, par value \$0.001 per share, of the Surviving Corporation.

(b) Subject to Section 2.11, each share of Common Stock issued and outstanding immediately prior to the Effective Time (other than any Excluded Shares or Dissenting Shares), shall be canceled, extinguished and automatically converted into the right to receive an amount of cash (without interest) equal to (i) the Estimated Price Per Share as set forth on the Consideration Allocation Spreadsheet and (ii) the Other Seller Payment Per Share Amount, and such shares shall be cancelled and retired and shall cease to exist.

(c) Each share of Common Stock held by the Company in the Company’s treasury or by the Company, Parent or Merger Sub immediately prior to the Effective Time (collectively, “Excluded Shares”) shall automatically be cancelled and retired and shall cease to exist, and no consideration shall be delivered in exchange therefor, and such shares shall not represent the right to receive the Estimated Price Per Share or the Other Seller Payment Per Share Amount.

(d) Amounts payable to holders of Common Stock as a result of the Merger as provided in this Section 2.8 shall be estimated and paid as, when and to the extent provided (and subject to the terms and conditions set forth) in this Article 2 and Article 3.

**Section 2.9 Treatment of Company Options, Company RSUs and the Company Warrant.**

(a) At the Effective Time, each Vested Company Option will be converted into the right to receive, without any further action by the Company or Optionholder, an amount (subject to applicable withholding Tax) equal to (i) the product of (x) the Estimated Price Per Share multiplied by (y) the aggregate number of shares of Common Stock into which such Vested Company Option would have been converted had such Vested Company Option been exercised in full as of immediately prior to the Effective Time, minus (ii) the aggregate exercise price that would have been paid to the Company in respect of such Vested Company Option had such Vested Company Option been exercised in full as of immediately prior to the Effective Time as set forth on the Consideration Allocation Spreadsheet (such amount, with respect to a Vested Company Option, an "Option Payment", and the aggregate amount payable to all Optionholders pursuant to this sentence is referred to herein as, the "Option Consideration"). In addition to the foregoing, each Vested Company Option shall convert into the right to receive, in connection with any Other Seller Payment, an amount (subject to applicable withholding Tax) equal to (i) the Other Seller Payment Per Share Amount multiplied by (ii) the number of shares of Common Stock into which such Vested Company Option would have been converted had such Vested Company Option been exercised in full immediately prior to the Effective Time as set forth on the Consideration Allocation Spreadsheet. From and after the Effective Time, no Optionholder shall have any right with respect to any Company Option (including any right to exercise any Company Option), other than the right to receive payment in accordance with this Section 2.9(a). As soon as practicable after the date hereof, and prior to the Closing Date, the Company shall take all actions required or reasonably necessary to effectuate the provisions of this Section 2.9(a). All outstanding Company Options that are not Vested Company Options shall automatically be cancelled, retired and shall cease to exist without any payment therefor. Effective as of immediately prior to the Closing, the Company shall terminate the Telx Holdings, Inc. 2011 Equity Incentive Plan, as amended.

(b) As of immediately prior to, but contingent upon, the Effective Time, each Company RSU shall automatically vest and convert into one share of Common Stock pursuant to the terms of the RSU Agreement. At the Effective Time each such share of Common Stock shall be converted to the right to receive payment in accordance with Section 2.8(b).

(c) At the Effective Time, the Company Warrant shall be automatically cancelled, retired, shall cease to exist and be converted into the right to receive for each share of Common Stock into which the Company Warrant would have been converted had such Company Warrant been exercised in full immediately prior to the Effective Time, an amount in cash equal to (i) the product of (x) the Estimated Price Per Share multiplied by (y) the aggregate number of shares of Common Stock into which the Company Warrant would have been converted had such Company Warrant been exercised in full immediately prior to the Effective Time, minus (ii) the Aggregate Warrant Exercise Price as set forth on the Consideration Allocation Spreadsheet (such aggregate amount is referred to herein as the "Warrant Consideration"). In addition to the foregoing, the Company Warrant shall convert into the right to receive, in connection with any Other Seller Payment, an amount equal to (i) the Other Seller Payment Per Share Amount multiplied by (ii) the aggregate number of shares of Common Stock into which the Company Warrant would have been converted had such Company Warrant been exercised in full immediately prior to the Effective Time.

**Section 2.10 Merger Consideration.**

(a) Merger Consideration. The aggregate consideration to be paid hereunder in respect of all Common Stock, Company Options and the Warrant in connection with the Merger (the "Merger Consideration") shall equal \$1,886,000,000, plus (i) the amount of Closing Cash, less (ii) the amount of Closing Indebtedness, less (iii) the amount of Seller Expenses, plus (iv) the amount, if any, by which Closing Working Capital is greater than the Target Working Capital, less (v) the amount, if any, by which Closing Working Capital is less than the Target Working Capital. The Merger Consideration shall be estimated and finally determined pursuant to Section 2.10(b). The Merger Consideration shall be paid as and when described herein.

(b) Determination of Merger Consideration. The Merger Consideration shall be estimated and finally determined as follows:

(i) Closing Date Estimate. No later than four (4) Business Days prior to the Closing Date, the Company shall prepare and deliver to Parent a statement (the "Estimated Closing Statement") containing the Company's good faith estimates of the amounts of Closing Cash, Closing Indebtedness, Closing Working Capital and Seller Expenses together with calculations of the Merger Consideration (the "Estimated Merger Consideration") and the Estimated Price Per Share based on such estimates, together with such schedules and data with respect to the determination the foregoing estimates as is reasonably necessary to support such Estimated Closing Statement. The Estimated Closing Statement and all amounts, estimates, determinations and calculations contained therein shall be prepared and calculated in accordance with Section 2.10(c). The Company shall consider in good faith any revisions to the calculations set forth in the Estimated Closing Statement proposed by Parent, and the Estimated Closing Statement shall be modified to reflect any revisions agreed upon by the Company in its sole discretion.

(ii) Post-Closing Adjustment.

(A) Following the Effective Time, Parent shall cause to be prepared and, as soon as practical, but in no event later than sixty (60) days after the Closing Date, shall cause to be delivered to the Representative, a statement (the "Closing Statement") containing the actual amounts of Closing Cash, Closing Indebtedness, Closing Working Capital and Seller Expenses, together with a calculation of the Merger Consideration based on such amounts and such schedules and data with respect to the determination thereof as is reasonably necessary to support such Closing Statement. The Closing Statement and all amounts, estimates, determinations and calculations contained therein shall be prepared and calculated in accordance with Section 2.10(c).

(B) If the Representative disagrees in whole or in part with the Closing Statement, then prior to the later of (i) the thirtieth (30<sup>th</sup>) day after its receipt of the Closing Statement and (ii) the third (3<sup>rd</sup>) Business Day after Parent has granted the Representative access to any properties, books, contracts, personnel, representatives and records in accordance with Section 2.10(b)(ii)(D) (provided that any request for such access shall be made by the Representative within fifteen (15) days following its receipt of the Closing Statement) (the "Representative Review Period"), the Representative shall notify Parent of such disagreement in writing (the "Notice of Disagreement"), setting forth in reasonable detail the particulars of any such disagreement. To be effective, any such Notice of Disagreement shall include a copy of Parent's Closing Statement marked to indicate the specific line items of the Closing Statement that are in dispute (the "Disputed Line Items") and shall be accompanied by the Representative's calculation of each of the Disputed Line Items and the Representative's revised Closing Statement setting forth its determination of Merger Consideration and any component thereof, as the case may be. All items that are not Disputed Line Items shall be final, binding and conclusive for all purposes hereunder unless the resolution of a Disputed Line Item affects an undisputed item, in which case such undisputed item shall remain open and be considered a Disputed Line Item to the extent of such corresponding effect. In the event that the Representative does not provide a Notice of Disagreement prior to the expiration of the Representative Review Period, the Representative shall be deemed to have accepted in full the Closing Statement as prepared by Parent, and such Closing Statement shall become final, binding and conclusive for all purposes hereunder as of 5:00 P.M. EST on the final day of the Representative Review Period. In the event any Notice of Disagreement is properly and timely provided, Parent and the Representative shall use commercially reasonable efforts for a period of fifteen (15) days (or such longer period as they may mutually agree) to resolve any Disputed Line Items. During such 15-day period, Parent and the Representative shall cooperate with each other and shall have reasonable access to the personnel, books and records, working papers, schedules and calculations of the other used in the preparation of the Closing Statement and the Notice of Disagreement and the determination of the Merger Consideration and Disputed Line Items in accordance with Section 2.10(b)(ii)(D). All Disputed Line Items agreed to in writing by Parent and the Representative during such 15-day period shall be final, conclusive and binding on the Parties and not subject to further appeal. If, at the end of such period, Parent and the Representative are unable to resolve all such Disputed Line Items, then any such remaining Disputed Line Items shall be referred to Ernst & Young LLP (the "Accounting Firm") or such other independent accounting firm on which Parent and Representative mutually agree, which agreement shall not be unreasonably withheld. Parent and the Representative will enter into reasonable and customary arrangements for the services to be rendered by the Accounting Firm under this Section 2.10(b)(ii) (B), such services to be provided in the Accounting Firm's capacity as an accounting expert and

not an arbitrator. The Accounting Firm shall be directed to determine as promptly as practicable (and in any event within thirty (30) days from the date that the dispute is submitted to it), whether the Merger Consideration as set forth in the Closing Statement requires adjustment. The Accounting Firm shall be instructed that, in making such determination, it may not assign a value to any Disputed Line Items that is greater than the greatest value claimed for such item or less than the smallest value claims for such item by Parent or the Representative, and that the Accounting Firm is only to consider matters still in dispute between Parent and the Representative. Parent, the Surviving Corporation and the Representative shall each furnish to the Accounting Firm such work papers and other documents and information relating to the remaining Disputed Line Items, and shall provide interviews and answer questions, as such Accounting Firm may reasonably request. Parent, the Surviving Corporation and the Representative, and the representatives and Affiliates of each, shall not have any ex parte communications with the Accounting Firm. The determination of the Accounting Firm shall be final, conclusive and binding on the Parties.

(C) The fees and expenses of the Accounting Firm shall be borne by Parent, on the one hand, and the Representative, on the other hand, so that the amount of fees and expenses paid by the party which delivered the Notice of Disagreement (with the remainder being paid by the other party) shall be equal to the product of (i) and (ii), where (i) is the aggregate amount of the fees and expenses and (ii) is a fraction, the numerator of which is the amount in dispute that is ultimately unsuccessfully disputed by the party delivering the Notice of Disagreement (as determined by the Accounting Firm), and the denominator of which is the total absolute value in dispute as finally brought forth to the Accounting Firm.

(D) During the period of time from and after the Closing Date through the final determination of the Final Merger Consideration (as defined below), Parent shall afford, and shall cause the Surviving Corporation and its Subsidiaries to afford, to the Representative and any accountants, counsel or financial advisers retained by the Representative in connection with the review of Closing Cash, Closing Indebtedness, Closing Working Capital and Seller Expenses in accordance with this Section 2.10, reasonable access during normal business hours upon reasonable advance notice to the books, contracts, personnel, representatives (including Parent's accountants) and records of the Surviving Corporation and its Subsidiaries and its representatives (including the work papers of Parent's accountants) to the extent relevant to the review of the Closing Statement and Parent's determination of Closing Cash, Closing Indebtedness, Closing Working Capital and Seller Expenses in accordance with this Section 2.10. If Representative claims that Parent has failed to comply with its obligation under this Section 2.10(b)(ii)(D) to provide access to books, contracts, personnel, representatives (including Parent's accountants) and records of the Surviving Corporation and its Subsidiaries and its representatives, it may initiate the appointment of the Accounting Firm as described above and the Accounting Firm shall have the authority to determine if Parent has complied with its obligations to provide access and to order Parent to comply with any such obligations contained in Section 2.10(b)(ii)(D).

(E) After the Merger Consideration has been finally determined in accordance with this Section 2.10(b)(ii) (the Merger Consideration as so determined being referred to herein as the "Final Merger Consideration"), the following payments shall be made:

(1) If the Final Merger Consideration exceeds the Estimated Merger Consideration and the Parent Excess Amount is greater than \$1,000,000, then, within five (5) Business Days after the determination of the Final Merger Consideration, (i) Parent shall or shall cause the Surviving Corporation to pay by wire transfer of immediately available funds an amount in cash equal to the portion of the Parent Excess Amount that is payable to the Sellers that held Common Stock or a beneficial interest in the Company Warrant to the Paying Agent (for distribution to such Sellers in accordance with their respective Pro Rata Shares) and the remainder of the Parent Excess Amount to the Surviving Corporation (for distribution through payroll to the holders of Vested Company Options in accordance with their respective Pro Rata Shares) and (ii) the Working Capital Escrow Amount shall be released by the Escrow Agent in part to the Paying Agent to be paid to the Sellers that held shares of Common Stock or a beneficial interest in the Company Warrant in accordance with their respective Pro Rata Shares and in part to the Surviving Corporation (for distribution through payroll to the holders of Vested Company Options in accordance with their respective Pro Rata Shares).

(2) If the Estimated Merger Consideration exceeds the Final Merger Consideration and the Representative Excess Amount is greater than \$3,500,000, then, within five (5) Business Days after the determination of the Final Merger Consideration, (i) an amount equal to the portion of the Representative Excess Amount that exceeds \$3,500,000 shall be released by the Escrow Agent out of the Working Capital Escrow Account to Parent and (ii) the remainder of the Working Capital Escrow Amount, if any, shall be released by the Escrow Agent in part to the Paying Agent to be paid to the Sellers that held shares of Common Stock or a beneficial interest in the Company Warrant in accordance with their respective Pro Rata Shares and in part to the Surviving Corporation (for distribution through payroll to the holders of Vested Company Options in accordance with their respective Pro Rata Shares) (it being understood that, notwithstanding anything to the contrary contained herein, the Working Capital Escrow Amount shall be the sole source of recovery for any payment required to be made pursuant to this Section 2.10(b)(ii)(E)(2)).

(F) If, after the determination of the Final Merger Consideration, the Parent Excess Amount is not greater than \$1,000,000 and the Representative Excess Amount is not greater than \$3,500,000, then, within five (5) Business Days after the determination of the Final Merger Consideration, the Working Capital Escrow Amount shall be released by the Escrow Agent in part to the Paying Agent to be paid to the Sellers that held shares of Common Stock or a beneficial interest in the Company Warrant in accordance with their respective Pro Rata Shares and in part to the Surviving Corporation (for distribution through payroll to the holders of Vested Company Options in accordance with their respective Pro Rata Shares).

(G) Promptly, and in any event within three (3) Business Days, after receipt of the amounts to be paid to the Surviving Corporation pursuant to Section 2.10(b)(ii)(E), if any, the Surviving Corporation shall pay to each holder of Vested Company Options the applicable portion of such amount (based on their respective Pro Rata Shares) through the Surviving Corporation's payroll.

(H) Payments pursuant to this Section 2.10(b)(ii) shall be treated for all purposes as adjustments to the Merger Consideration.

(c) Accounting Procedures. The Estimated Closing Statement, the Closing Statement and the determinations and calculations contained therein shall be prepared and calculated on a consolidated basis for the Group Companies in accordance with GAAP and, to the extent consistent with GAAP, using the same accounting principles, practices, procedures, policies and methods (with consistent classifications, judgments, inclusions, exclusions and valuation and estimation methodologies) used and applied by the Group Companies in the preparation of the Financial Statements for the year ended December 31, 2014, except that such statements, calculations and determinations: (i) shall not include any purchase accounting or other adjustments arising out of the consummation of the transactions contemplated by this Agreement, (ii) shall be based on facts and circumstances as they exist prior to the Closing and shall exclude the effect of any act, decision or event occurring on or after the Closing, and (iii) shall follow the defined terms contained in this Agreement whether or not such terms are consistent with GAAP. In addition, the determination of Closing Working Capital contained in the Estimated Closing Statement and the Closing Statement shall be calculated consistently with the example provided in Exhibit B and shall not include or exclude any other line items not included in Exhibit B.

#### **Section 2.11 Dissenting Stockholders.**

(a) Notwithstanding any provision of this Agreement to the contrary, each share of Common Stock that is issued and outstanding immediately prior to the Effective Time and that is held by a Stockholder who (i) has not voted in favor of this Agreement or consented thereto in writing and (ii) who shall have otherwise perfected such holder's dissenters' rights in accordance with and as contemplated by the applicable provisions of the DGCL (each such Stockholder, a "Dissenting Stockholder", and each share of Common Stock held by such Dissenting Stockholder, a "Dissenting Share") shall not be converted into or represent the right to receive the amounts payable with respect to such Common Stock under Section 2.8, but shall be entitled only to such rights as are granted by the applicable provisions of the DGCL; provided, however, that if such Dissenting Stockholder fails to perfect, or effectively withdraws or loses such holder's right to appraisal of and payment for such holder's shares under the applicable provisions of the DGCL, each share of Common Stock of such Dissenting Stockholder shall thereupon be deemed to have been converted into

and to have become exchangeable for, as of the Effective Time, the right to receive the amounts payable with respect to such Common Stock under Section 2.8, and such share of Common Stock shall no longer be a Dissenting Share. In such event, the Surviving Corporation shall deliver the amounts payable with respect to such Common Stock under Section 2.8 to which such Stockholder is entitled (without interest) as and when such payments are required to be made following surrender by such Stockholder of the certificate or certificates representing the shares of Common Stock held by such Stockholder and the Letter of Transmittal in the manner provided in Section 3.2.

(b) The Company shall provide notice in accordance with the DGCL to each Stockholder that is entitled to appraisal rights. The Company shall give prompt notice to Parent and the Representative of any demands received by the Company for appraisal of shares of Common Stock, withdrawals of such demands and any other instruments served pursuant to the DGCL received by the Company, and Parent shall have the right to participate in and direct all negotiations and proceedings with respect to such demands. The Surviving Corporation shall promptly pay to any Dissenting Stockholder any and all amounts due and owing to such holder as a result of any settlement of, or determination by any court of competent jurisdiction with respect to, such demands. The Company shall not, except with the prior written consent of Parent, voluntarily make any payment with respect to, or settle or offer to settle, any such demands or agree to do or commit to do any of the foregoing, except to the extent required by applicable Law.

#### **Section 2.12 Payments and Other Actions of Parent.**

(a) At the Closing, Parent will make, or cause to be made, the following payments:

(i) to the Representative Expense Account, by wire transfer of immediately available funds, an amount equal to the Representative Expense Amount;

(ii) to an account designated by the Escrow Agent, by wire transfer of immediately available funds, an amount equal to the Working Capital Escrow Amount to be held in the Working Capital Escrow Account, in accordance with the terms of this Agreement and the Escrow Agreement;

(iii) to the accounts designated by the Company, by wire transfer of immediately available funds, an amount equal to the portion of the Company's Closing Indebtedness to be paid off at Closing owing to the lenders or noteholders under the Credit Arrangements (the recipients of such monies, being, collectively, the "Debt Payoff Recipients"), which payments, in the aggregate, shall be sufficient to satisfy any and all obligations of the Company to repay such Indebtedness, including costs and expenses related thereto;

(iv) to the account(s) designated by the Company, by wire transfer of immediately available funds, an amount equal to the Option Consideration, and the Option Payment(s) payable to each Optionholder shall be paid by the Surviving Corporation to each Optionholder, subject to applicable withholding Tax, through the Surviving Corporation's regular payroll payment processes on the next regular payroll date of the Surviving corporation that occurs at least three (3) Business Days after the date such Optionholder delivers the documentation contemplated by Section 3.2(a);

(v) to the account designated by the Paying Agent, by wire transfer of immediately available funds, an amount equal to the Warrant Consideration and such amount shall be distributed by the Paying Agent to the Beneficial Warrant Holders pursuant to Article 3 and in accordance with the terms of the Company Warrant;

(vi) to the accounts designated in writing by the Company, by wire transfer of immediately available funds, an amount equal to the portion of the Seller Expenses owing to such Persons; and

(vii) to an account designated in writing by the Paying Agent, by wire transfer of immediately available funds, an aggregate amount equal to the Closing Cash Payment and such amount shall be distributed by the Paying Agent to the Stockholders pursuant to Article 3.

(b) Not later than two (2) Business Days prior to the Closing, the Representative shall provide to Parent a detailed funds flow memorandum in excel format (including any underlying calculations, formulas or

amounts therein) setting forth all payments (along with relevant wiring information) to be made by or on behalf of the Parties hereto at Closing in accordance with this Agreement. Each of the payments to be made pursuant to Sections 2.12(a) shall, to the extent applicable, be considered payments on by and on behalf of the Company and in respect of obligations and liabilities of the Company.

**Section 2.13 Closing Deliverables.**

(a) At or prior to the Closing, the Company shall cause to be delivered to Parent:

(i) a certificate, in form and substance reasonably acceptable to Parent, of an authorized officer of the Company, dated as of the Closing Date, to the effect that the conditions specified in Section 7.2(a) and Section 7.2(b) are satisfied;

(ii) a certificate, in form and substance reasonably acceptable to Parent, of the secretary of the Company certifying (A) the Company's certificate of incorporation as filed with and certified by the Delaware Secretary of State and any amendments thereto, (B) a certified copy of the Company's bylaws, and (C) a certified copy of the resolutions duly adopted of the Company's board of directors authorizing the execution and delivery of the Agreement and the consummation of the transactions contemplated hereby;

(iii) written resignations, in form and substance reasonably acceptable to Parent, of each of the directors of the Company in such capacity and, to the extent requested by Parent at least five (5) days prior to the Closing Date, written resignations, in form and substance reasonably acceptable to Parent, of each of the directors of the other Group Companies in such capacity;

(iv) a copy of the Escrow Agreement duly executed by the Representative and the Escrow Agent;

(v) with respect to each Debt Payoff Recipient, a copy of pay-off letter(s) in a form reasonably acceptable to Parent from such Debt Payoff Recipient and the evidence of release of all related Liens, other than, in each case, with respect to the Debt Payoff Recipients under the Note Purchase Agreement; and

(vi) written evidence reasonably satisfactory to Parent that the Management Services Agreement, the Shareholders Agreement and each of the other Contracts on Schedule 4.18 have been terminated without any further liability or obligation on the part of any of the Group Companies.

(b) At or prior to the Closing, each of Parent and Merger Sub shall cause to be delivered to the Company:

(i) a certificate, in form and substance reasonably acceptable to the Company, of an authorized officer of Parent and an authorized officer of Merger Sub, dated the Closing Date, to the effect that the conditions specified in Section 7.3(a) and Section 7.3(b) have been satisfied;

(ii) a certified copy, in form and substance reasonably acceptable to the Company of the resolutions of Parent's board of directors (or other governing body) and Merger Sub's board of directors (or other governing body), in each case authorizing the execution and delivery of the Agreement and the consummation of the transactions contemplated hereby; and

(iii) a copy of the Escrow Agreement duly executed by Parent.

**Section 2.14 Withholding.** Parent, Merger Sub and their respective Affiliates shall be entitled to deduct and withhold any amount from the Merger Consideration otherwise payable pursuant to this Agreement as Parent, Merger Sub and their respective Affiliates are required to deduct and withhold with respect to the making of such payment under the Code, or any provision of state, local or foreign Tax law; *provided*, that no such deduction and withholding shall be made pursuant to Section 1445 of the Code (x) if the Company delivers an affidavit in accordance

with clause (i) of Section 6.2(b) or (y) with respect to any particular Seller if such Seller delivers a certificate in accordance with clause (ii) of Section 6.2(b). To the extent that such amounts are so withheld in accordance with the forgoing sentence and paid over to the proper taxing authority by Parent or Merger Sub (or their respective Affiliates), such withheld and deducted amounts will be treated for all purposes of this Agreement as having been paid to the Person in respect of which such amounts were deducted and withheld.

### ARTICLE 3 EXCHANGE PROCEDURES

**Section 3.1 Paying Agent.** Prior to the Effective Time, Parent shall designate Wilmington Trust, N.A. to serve as paying agent for purposes of this Agreement (the “Paying Agent”). All fees and expenses of the Paying Agent shall be borne by Parent.

**Section 3.2 Exchange Procedures.**

(a) At or prior to the Effective Time, the Company shall mail or otherwise deliver to each Person who, as of the Effective Time, is (x) a holder of record of outstanding shares of Common Stock (which includes the holder of the Company RSUs) a letter of transmittal in the form attached hereto as Exhibit D (“Letter of Transmittal”) which shall specify that with respect to a Stockholder, delivery shall be effected and risk of loss and title to the shares of Common Stock (or rights hereunder) that are evidenced by certificates (and not only in book entry form) (except with respect to the Company RSUs which are not certificated, in which case the surrender of the Common Stock in book entry form constitutes the surrender of the certificates) (each, a “Stock Certificate”) shall pass, only upon actual delivery of the Stock Certificates to the Paying Agent together with such Letter of Transmittal properly completed and duly executed and shall include appropriate transmittal materials and instructions for use in effecting the surrender of such Stock Certificates in exchange for the portion of the Merger Consideration that such Person is entitled to receive pursuant to Section 2.8(b) and such Sellers’ Pro Rata Share of the Other Seller Payments, (y) an Optionholder an option and warrant cancellation agreement in the form attached as Exhibit E (“Option and Warrant Cancellation Agreement”) to be properly completed, duly executed and returned in exchange for the portion of the Merger Consideration that such Person is entitled to receive pursuant to Section 2.9(a) and such Sellers’ Pro Rata Share of the Other Seller Payments or (z) a Beneficial Warrant Holder an Option and Warrant Cancellation Agreement to be properly completed, duly executed and returned in exchange for the portion of the Merger Consideration that such Person is entitled to receive pursuant to Section 2.8(b) and such Sellers’ Pro Rata Share of the Other Seller Payments. Upon the surrender either to Parent at the Closing or to the Paying Agent after the Closing, of each such Stock Certificate and a properly completed and duly executed Letter of Transmittal or delivery of a duly executed Option and Warrant Cancellation Agreement, as applicable, the Paying Agent shall (except as provided in Section 3.2(b) below with respect to the Optionholders) pay:

(i) as soon as reasonably practicable after receipt of such applicable documentation, and, to the extent such documentation has been received prior to the Closing Date, on the Closing Date, the Paying Agent shall pay (1) such Stockholder, in the case of each share of Common Stock in book entry form or represented by such Stock Certificate or Lost Certificate Affidavit, an amount equal to the Estimated Price Per Share and (2) such Beneficial Warrant Holder, a portion of the Warrant Consideration in accordance with the terms of the Company Warrant; and

(ii) as soon as reasonably practicable after the Paying Agent receives any Other Seller Payment, the Paying Agent shall pay such Stockholder or Beneficial Warrant Holder, as applicable, an amount equal to such Stockholder’s or Beneficial Warrant Holder’s Pro Rata Share of such payment.

(b) Upon the delivery to Parent, at or after the Closing, of a duly executed Option and Warrant Cancellation Agreement, such Optionholder shall, following the Closing, receive in exchange therefor the Option Payment payable to such Optionholder, which shall be paid by the Surviving Corporation, subject to applicable withholding Taxes, through the Surviving Corporation’s regular payroll payment processes on the next regular payroll date of the Surviving Corporation that occurs at least three (3) Business Days after the date such Optionholder delivers the documentation contemplated by Section 3.2(a).

(c) If any Stock Certificate shall have been lost, stolen, mislaid or destroyed, upon receipt of (i) a customary affidavit (“Lost Certificate Affidavit”) of that fact from the holder claiming such Stock Certificate to be lost, mislaid, stolen or destroyed, (ii) such customary contractual indemnity as Parent may reasonably require, and (iii) any other documents necessary to evidence and effect the bona fide exchange thereof, the Paying Agent shall issue to such holder the consideration into which the shares represented by such lost, stolen, mislaid or destroyed Stock Certificate shall have been converted. Parent expressly waives any requirement for a bond or other security in connection therewith. No Stockholder shall be entitled to any portion of the Merger Consideration pursuant to Section 2.8 or any Other Seller Payment until such holder delivers a duly executed Letter of Transmittal and surrenders such holder’s Stock Certificate or Stock Certificates or delivers a Lost Certificate Affidavit as provided in this Section 3.2.

(d) For the avoidance of doubt, all shares of Common Stock that have not been certificated but are recorded via book-entry shall be entitled to receive the consideration contemplated by Section 2.8(b), so long as the Stockholder that holds such shares of Common Stock has delivered a duly executed Letter of Transmittal in accordance with Section 3.2(a), and such Stockholders shall not be required to surrender any Stock Certificate in accordance with Section 3.2(a).

(e) No interest shall accrue or be paid on the amounts payable upon the delivery of the Stock Certificates, Option and Warrant Cancellation Agreements or Letters of Transmittal.

**Section 3.3 Payments to Persons Other than Registered Holders.** If any consideration is to be paid in respect of Common Stock to a Person other than the Person in whose name the Stock Certificate surrendered in exchange therefor is registered, it shall be a condition to such exchange that the Person requesting such exchange shall deliver such Stock Certificate accompanied by all documents required to evidence and effect such transfer and shall pay to the Surviving Corporation any transfer or other Taxes payable by the Surviving Corporation required by reason of the payment of such consideration to a Person other than the registered holder of the Stock Certificate so surrendered, or such Person shall establish to the reasonable satisfaction of the Surviving Corporation that such Tax has been paid or is not applicable.

**Section 3.4 No Liability for Abandoned Property.** Any other provision of this Agreement notwithstanding, none of Parent, the Surviving Corporation, Representative or the Paying Agent shall be liable to any Seller for any amounts paid or property delivered in good faith to a public official pursuant to any applicable abandoned property, escheat or similar law.

**Section 3.5 Return of Funds.** Upon the twelve (12) month anniversary of the Closing Date, any funds received by the Paying Agent as Merger Consideration and payable to any Stockholder or Beneficial Warrantholder pursuant to this Agreement shall, to the extent permitted by applicable Law, become the property of the Surviving Corporation (and any such cash may be commingled with the general funds of Parent or the Surviving Corporation, as the case may be), free and clear of all claims or interest of any Person previously entitled thereto (other than the claims of a Seller and its heirs, assigns and transferees hereunder) and shall be promptly delivered to the Surviving Corporation by the Paying Agent, and such Stockholder or Beneficial Warrantholder shall look only to the Surviving Corporation for payment of such amounts. Each Stockholder or Beneficial Warrantholder who prior to such date delivers to the Paying Agent a duly completed and executed Letter of Transmittal and, with respect to Stockholders, surrenders the related Stock Certificate or Lost Certificate Affidavit (if applicable) shall look only to the Paying Agent for satisfaction of any claims related to the Merger Consideration and such other amounts (except to the extent the Paying Agent has returned such funds to the Surviving Corporation as contemplated above, in which case such Seller shall only look to the Surviving Corporation as contemplated above). Any interest, dividends or other income earned on the investment of cash held by the Paying Agent, together with all tax and other liabilities associated therewith, shall be for the account of the Surviving Corporation. Notwithstanding the foregoing, none of the Paying Agent, Parent or the Surviving Corporation will be liable to any Seller for any Merger Consideration or other amounts payable to the Sellers hereunder if delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

**Section 3.6 Rights of Former Stockholders.** At the Effective Time, the stock, warrant and option transfer books of Company shall be closed as to Stockholders, Optionholders and Beneficial Warrant Holders immediately prior to the Effective Time, and no transfer of Common Stock, Company Options or the Company Warrant

by any such holder shall thereafter be made or recognized. From and after the Effective Time, each Stock Certificate theretofore representing shares of Common Stock, the Company Options and the Company Warrant shall from and after the Effective Time represent for all purposes only the right to receive a portion of the Merger Consideration as described herein and such Other Seller Payments as described herein. The Merger Consideration and such additional amounts (if any) payable in accordance with the terms of this Article 3 shall be deemed to have been paid in full satisfaction of all rights pertaining to the Common Stock (other than any Dissenting Shares), the Company Options and the Company Warrant.

#### **ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE COMPANY**

Except as set forth in the disclosure schedules to this Agreement delivered by the Company to Parent and Merger Sub concurrently with the execution and delivery of this Agreement (the "Schedules"), the Company hereby represents and warrants to Parent and Merger Sub that as of the date hereof and as of the Closing Date:

##### **Section 4.1 Organization and Qualification.**

(f) Each Group Company is a corporation, limited partnership or other business entity, as the case may be, duly organized, validly existing and in good standing (or the equivalent thereof, if applicable) under the laws of its respective jurisdiction of formation or organization (as applicable). Each Group Company has the requisite corporate, limited partnership or other applicable power and authority to own, lease and operate its material properties and to carry on its businesses as presently conducted.

(g) Each Group Company is duly qualified or licensed to transact business and is in good standing (if applicable) in each jurisdiction in which the property and assets owned, leased or operated by it, or the nature of the business conducted by it, makes such qualification or licensing necessary, except in such jurisdictions where the failure to be so duly qualified or licensed and in good standing would not reasonably be expected to have a Company Material Adverse Effect.

(h) The Company has made available to Parent an accurate and complete copy of each Governing Document of each Group Company, in each case, as in effect as of the date of this Agreement.

##### **Section 4.2 Capitalization of the Group Companies.**

(a) As of the date of this Agreement, the authorized capital stock of the Company consists of: 400,000 shares of Common Stock, 300,083.002 of which are issued and outstanding. All of the issued and outstanding shares of Common Stock are duly authorized, validly issued, fully paid and nonassessable. All outstanding shares of the Company's capital stock were issued in compliance with securities Laws or exemptions therefrom, and no shares of the Company's capital stock were issued in violation of pre-emptive rights or restrictions on transfer. Except as set forth on Schedule 4.2 and Schedule 4.2(c), as of the date of this Agreement, there are no (i) outstanding shares of capital stock or equity securities of the Company (other than the Company's Common Stock described in this Section 4.2(a)), (ii) outstanding securities of the Company convertible into or exchangeable for capital stock or equity securities of the Company, and (iii) outstanding options, restricted stock units, warrants, stock appreciation rights, profits interests, phantom stock rights or other rights, contingent or otherwise, to acquire from the Company and no contracts, agreements or other obligations of the Company to issue, transfer or sell any capital stock or equity securities or securities convertible into or exchangeable for capital stock, equity securities or similar interests of the Company. There are no outstanding contracts, agreements or other obligations of the Company to register, purchase, redeem or otherwise acquire any outstanding shares of capital stock or equity securities or securities convertible into or exchangeable for capital stock or equity securities of the Company or voting trusts, proxies or stockholder or other agreements in effect with respect to the Company's capital stock. Schedule 4.2(a) sets forth as of the date hereof, based upon the Company's stock ledger: (A) the name of each record holder of the Company's Common Stock; and (B) the number of shares of Company Common Stock held by each such record holder.

(b) Except as set forth on Schedule 4.2, no Group Company directly or indirectly owns any capital stock or other equity security in, or any interest convertible into or exchangeable or exercisable for, at any time, any capital stock or equity security in, any Person. Schedule 4.2 sets forth the name, owner, jurisdiction of formation or organization (as applicable) and percentages of outstanding equity securities owned, directly or indirectly, by each Group Company, with respect to each Person of which such Group Company owns directly or indirectly, any capital stock, equity or equity related securities. Except as set forth on Schedule 4.2 or as set forth in its Governing Documents, all outstanding capital stock or equity securities of each Subsidiary of the Company (except to the extent such concepts are not applicable under the applicable Law of such Subsidiary's jurisdiction of formation or other applicable Law) have been duly authorized and validly issued, are free and clear of any preemptive rights (except to the extent provided by applicable Law and other than such rights as may be held by any Group Company), restrictions on transfer (other than restrictions under applicable federal, state and other securities laws), or Liens (other than Permitted Liens) and are owned, beneficially and of record, by another Group Company. Except as set forth on Schedule 4.2, there are no (i) outstanding shares of capital stock or equity securities of any Subsidiary of the Company, (ii) outstanding securities of any Subsidiary of the Company convertible into or exchangeable for capital stock or equity securities of any Subsidiary of the Company, and (iii) outstanding options, restricted stock units, warrants, stock appreciation rights, profits interests, phantom stock rights or other rights, contingent or otherwise, to acquire from any Subsidiary of the Company and no contracts, agreements or other obligations of any Subsidiary of the Company to issue, transfer or sell any capital stock or equity securities or securities convertible into or exchangeable for capital stock or equity securities of Subsidiary of the Company.

(c) Schedule 4.2(c) sets forth as of the date hereof: (1) for each Company Option outstanding as of the date of this Agreement, (A) the name of the holder thereof; (B) the number of shares of Company Common Stock issuable upon the exercise of such Company Option; (C) the exercise price thereof; (D) the date of grant thereof, and (E) the vesting schedule for such Company Option; and (2) for each holder of Company RSUs outstanding as of the date of this Agreement, (A) the name of the holder thereof; (B) the number of shares of Company Common Stock subject to such Company RSU; (C) the date of grant thereof; and (E) the vesting schedule thereof. Each grant of a Company Option was duly authorized no later than the date on which the grant of such Company Option was by its terms to be effective by all necessary corporate action, including, as applicable, approval by the Company's board of directors, or a committee thereof, and any required stockholder approval, and each Company Option and Company RSU grant was made in accordance in all material respects with the terms of the applicable Company Equity Plan and applicable Law.

(d) Schedule 4.2(d) sets forth as of the date hereof, (A) the name of each Beneficial Warrant Holder; (B) the number of shares of Company Common Stock issuable upon the exercise of the Company Warrant to each such Beneficial Warrant Holder; (C) the exercise price of the Company Warrant; and (D) the date of grant of the Company Warrant, in each case, based on the Company Warrant and Exhibit I to the Company Warrant.

(e) The Consideration Allocation Spreadsheet will, when delivered by the Company pursuant to the terms and provisions of Section 6.16, set forth the information contained in Schedule 4.2(a), Schedule 4.2(c) and Schedule 4.2(d) as of the Closing Date.

**Section 4.3 Authority.** The Company has the requisite corporate power and authority to execute and deliver this Agreement and each other agreement, document, instrument and/or certificate contemplated by this Agreement to be executed in connection with the transactions contemplated hereby (the "Ancillary Documents") and to consummate the transactions contemplated hereby. Except for the Requisite Stockholder Approval, the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company. This Agreement has been (and the execution and delivery of each of the Ancillary Documents to which the Company will be a party will be) duly executed and delivered by the Company and constitute a valid, legal and binding agreement of the Company (assuming that this Agreement has been and the Ancillary Documents to which the Company is a party will be duly and validly authorized, executed and delivered by the other Persons party thereto), enforceable against the Company in accordance with their terms, except (i) to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally and (ii) that the availability of equitable remedies, including specific performance, is subject to the discretion of the court before which any proceeding thereof may be

brought. The Company's board of directors, by resolutions duly adopted by majority vote of those voting at a meeting duly called and held, or by unanimous written consent, has (a) approved this Agreement and the Merger, and (b) recommended that the stockholders adopt this Agreement and directed that such matter be submitted for consideration by the Stockholders in accordance with Section 6.15 and no such determination, approval or recommendation or direction of the Company's board of directors has been withdrawn, amended, modified or terminated. The Requisite Stockholder Approval is the only vote of the holders of any class or series of capital stock or other equity interest of the Company necessary to authorize the Merger and the other transactions contemplated by this Agreement, and to consummate the transactions contemplated hereby and thereby (including the Merger) and adopt this Agreement.

#### **Section 4.4 Financial Statements.**

(a) The following financial statements (such financial statements, the "Financial Statements") have been provided to Parent: (i) the audited consolidated balance sheet of the Company and its consolidated Subsidiaries as of December 31, 2012, December 31, 2013, and December 31, 2014, and the related audited consolidated statements of income, cash flows and stockholders' equity for each fiscal year of the Company then ended, in each case, accompanied by the independent audit opinion dated as of March 14, 2015 and July 10, 2015, in each case, as restated; and (ii) the unaudited consolidated balance sheets of the Company and its consolidated Subsidiaries as of March 31, 2015 (the "Latest Balance Sheet"), and the related unaudited consolidated statements of income and cash flows for the three (3) month period then ended. Except as set forth on Schedule 4.4, the Financial Statements (A) have been prepared in accordance with GAAP applied on a consistent basis throughout the periods covered thereby, except as may be indicated in the notes thereto and (B) fairly present, in all material respects, the consolidated financial position of the Group Companies as of the date thereof and the consolidated results of operations for the periods then ended, and subject, in the case of clauses (A) and (B) above with respect to the unaudited Financial Statements, to the absence of certain footnotes and normal year-end adjustments.

(b) Except as set forth in the Financial Statements (including the related notes and schedules) or in Schedule 4.4(b)(i), neither the Company nor any of its Subsidiaries has any liabilities or obligations except for: (i) liabilities reflected or reserved against on the Latest Balance Sheet, (ii) liabilities and obligations incurred since the date of the Latest Balance Sheet in the ordinary course of business, (iii) liabilities and obligations incurred since the date of the Latest Balance Sheet pursuant to or in connection with this Agreement or the transactions contemplated hereby, (iv) executory obligations under any Contracts existing as of the date of this Agreement or entered into after the date of this Agreement in compliance with the terms of this Agreement (provided that the Company is not in default with respect to such obligations, and such obligations do not include payment obligations that relate to the settlement of any Action except, in each case, as would not be, individually or in the aggregate, material to the Group Companies taken as a whole) and (v) liabilities or obligations which, individually or in the aggregate, would not be material to the Group Companies, taken as a whole. The Company and its Subsidiaries do not have any liabilities relating to off-balance sheet arrangements (as defined in Item 303(a) of Regulation S-K under the Securities Exchange Act of 1934, as amended). Schedule 4.4(b)(ii) lists all of the Indebtedness of the Company and its Subsidiaries as of the date of the Agreement.

(c) The Company and its Subsidiaries have established and maintain, adhere to and enforce a system of internal accounting controls which are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements, in accordance with GAAP, including policies and procedures that (i) require the maintenance of records that accurately and fairly reflect the transactions and dispositions of the assets of the Company and its Subsidiaries and (ii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the assets of the Company and its Subsidiaries. The Company has not identified or been given notice of any claim or allegation regarding (A) any significant deficiency or material weakness in the system of internal accounting controls utilized by the Company or its Subsidiaries (except to the extent related to the issue that gave rise to the restatement reflected in the restated financial statements), or (B) to the Company's Knowledge, any fraud that involves the management of the Company or its Subsidiaries who have a role in the preparation of Financial Statements or the internal accounting controls utilized by the Company and its Subsidiaries.

(d) The accounts receivable of the Group Companies reflected on the Financial Statements, and all accounts receivable arising subsequent to the Latest Balance Sheet Date, in each case, as of the date hereof, (i) arose

from bona fide transactions in the ordinary course of business consistent with past practice, (ii) to the Knowledge of the Company, are legal, valid and binding obligations of the respective debtors enforceable in accordance with their respective terms, and (iii) are not subject to any set-off, counterclaim, discount or refund of any type other than as reserved for by the Company on the Financial Statements or in the ordinary course of business since the date of the Latest Balance Sheet.

(e) Schedule 4.4(f) sets forth (i) a true and complete list of the names and locations of all banks, trust companies, securities brokers and other financial institutions at which the Group Companies have an account (including “deposit accounts” and “securities accounts”) or a safe deposit box or maintains a banking, custodial, trading or other similar relationship, and (ii) a true and complete list and description of each such account, box and relationship, indicating in each case the account number and the names of the respective officers, employees, agents or other similar representatives of the Group Companies having signatory power with respect thereto.

**Section 4.5 Consents and Approvals; No Violations.** Except as set forth on Schedule 4.5, assuming the truth and accuracy of the representations and warranties of Parent and Merger Sub set forth in Section 5.3, no notices to, filings with, or authorizations, consents, notifications, permits or approvals of any Person or Governmental Entity are necessary for the execution, delivery or performance by any Group Company of this Agreement or the Ancillary Documents to which the Company is a party or the consummation by the Company of the transactions contemplated hereby, except for (i) compliance with and filings under the HSR Act and any required competition filing with any foreign Governmental Entity, (ii) the filing of the Certificate of Merger, (iii) those the failure of which to obtain or make would not reasonably be expected to, individually or in the aggregate, prevent or materially delay consummation of the Merger and the other transactions contemplated hereby, and (iv) those that may be required solely by reason of Parent’s or Merger Sub’s (as opposed to any other third party’s) participation in the transactions contemplated hereby. Neither the execution, delivery or performance by the Company of this Agreement or the Ancillary Documents to which the Company is a party nor the consummation by the Company of the transactions contemplated hereby will (a) conflict with or result in any breach of any provision of any Group Company’s Governing Documents, (b) except as set forth on Schedule 4.5, result in a material violation or breach of, or constitute (with or without due notice or lapse of time or both) a material default or give rise to any right of termination, cancellation or acceleration under, any of the terms, conditions or provisions of any Material Contract, Material Customer Contract or Material Real Property Lease, (c) violate in any material respect any order, writ, injunction, decree, law, statute, rule or regulation of any Governmental Entity having jurisdiction over any Group Company or any of their respective properties or assets or (d) except as contemplated by this Agreement or with respect to Permitted Liens, result in the creation of any material Lien upon any of the assets of any Group Company.

**Section 4.6 Material Contracts.**

(a) Schedule 4.6(a) sets forth all written, or to the Company’s Knowledge, oral Contracts, of the following types pursuant to which any Group Company is a party or otherwise bound (collectively, the “Material Contracts”) as of the date of this Agreement, except for this Agreement, any real property lease (which is the subject of Section 4.17(b)), any Owned Real Property Sub Lease (which is the subject of Section 4.17(a)), any Infrastructure Agreement (which is the subject of Section 4.17(b)) and any Customer Contracts (which is the subject of Section 4.19):

(i) Contracts (excluding at-will offer letters which do not provide for severance or termination payments or benefits (other than severance or termination payments or benefits provided pursuant to any severance plan set forth on Schedule 4.10(a) or other similar plan of the Group Companies set forth on Schedule 4.10(a))) for the employment of any officer, individual employee or other person on a full time or part-time basis (A) providing annual compensation in excess of \$150,000, (B) providing for the payment of any cash or other compensation or benefits directly as a result of the consummation of the transactions contemplated by this Agreement (other than with respect to any payments with respect to Company Options) or (C) otherwise restricting any Group Company’s ability to terminate the employment of any person at any time for any lawful reason or for no reason without penalty or liability;

(ii) collective bargaining agreement or other Contract with any labor union;

- (iii) Contract relating to Indebtedness except for Contracts pursuant to which the current amount of outstanding Indebtedness is equal to or less than \$100,000;
- (iv) Contract under which any Group Company is lessee of or holds or operates any tangible property (other than real property), owned by any other Person, except for any Contract under which the aggregate annual rental payments do not exceed \$100,000;
- (v) Contract under which any Group Company is lessor of or permits any third party to hold or operate any tangible property (other than real property), owned or controlled by the Company;
- (vi) Contract that provides for committed payments or income to any of the Group Companies of \$100,000 or more with respect to the twelve-month period ended May 31, 2015 (other than employment related Contracts and Contracts that may be cancelled on 30 days' notice or less (without penalty); provided, however, for purposes of Section 6.1 only, the definition of "Material Contract" shall also include any Contract that is reasonably anticipated will provide for committed payments or income to any of the Group Companies of \$100,000 or more during the twelve months after execution of such Contract;
- (vii) Contract that provides for committed payments or expenses by any of the Group Companies of \$100,000 or more with respect to the twelve-month period ended May 31, 2015 (other than employment related Contracts and Contracts that can be cancelled on 30 days' notice or less without penalty) other than payments or expenses for capital expenditures that are within the Group Companies' 2015 capital expenditure budget made available to Parent prior to the date hereof; provided, however, for purposes of Section 6.1 only, the definition of "Material Contract" shall also include any Contract that is reasonably anticipated will provide for committed payments or expenses by any of the Group Companies of \$100,000 or more during the twelve months after execution of such Contract;
- (viii) partnership agreements and joint venture agreements providing annual revenue to the Group Companies in excess of \$100,000;
- (ix) Contract that contains any non-compete or exclusivity provisions with respect to any material line of business of the Group Companies or otherwise prohibiting or restricting in any material respect any Group Company from freely engaging in any material business or operating in any geographic area or location in which any Group Company conducts business;
- (x) Contract pursuant to which any Group Company has potential liability in respect of any purchase price adjustment, earn-out or contingent purchase price that, in each case, would reasonably be expected to result in future payments of more than \$100,000;
- (xi) Contract to provide any funds or make any investment in (whether in the form of a loan, capital contribution or otherwise) any Group Company or any other Person with a value in excess of \$100,000;
- (xii) settlement or similar Contracts under which any Group Company has any remaining payment obligations or restrictions on operations;
- (xiii) material Contract pursuant to which any Group Company grants or receives a license to use any Group Company IP Rights (other than licenses for commercially-available off-the-shelf software or involving one time or annual payments to or from the Group Companies that do not exceed \$50,000); or
- (xiv) Contract that relates to the future disposition or acquisition of assets or properties valued in excess of \$100,000 by any Group Company (other than any such contract, arrangement or understanding for the sale or acquisition of assets in the ordinary course of business), or any merger or business combination with respect to any Group Company.

(b) Except as set forth on Schedule 4.6(b), each Material Contract is valid and binding on the applicable Group Company and enforceable in all material respects in accordance with its terms against such Group Company and, to the Knowledge of the Company, each other party thereto (subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting generally the enforcement of creditors' rights and subject to general principles of equity). Except as set forth on Schedule 4.6(b), each Group Company, and, to the Company's Knowledge, each of the other parties thereto, has performed all obligations required to be performed by it under each Material Contract in all material respects, and there is no material breach or violation of, or material default under (with or without notice or lapse of time or both) by any Group Company, as applicable, under any Material Contract and, to the Company's Knowledge, each other party thereto. True and complete copies of each Material Contract (including all amendments, modifications and supplements thereof), have been made available to Parent.

**Section 4.7 Absence of Changes.** Except as set forth on Schedule 4.7, during the period beginning on the date of the Latest Balance Sheet and ending on the date of this Agreement, (i) there has not been any event, change, occurrence or circumstance that has had or would reasonably be expected to have a Company Material Adverse Effect, (ii) each Group Company has conducted its business in the ordinary course substantially consistent with past practices and (iii) except for the transactions contemplated by this Agreement, no Group Company has taken any action that if taken after the date of this Agreement would constitute a material breach or violation of Section 6.1(c).

**Section 4.8 Litigation.** Except as set forth on Schedule 4.8, there is no Action pending or, to the Company's Knowledge, threatened in writing or under investigation against any Group Company before any Governmental Entity that would reasonably be expected to require payments by the Group Companies in excess of \$250,000. Except as set forth on Schedule 4.8, no Group Company is subject to any material outstanding order, judgment, writ, injunction or decree.

**Section 4.9 Compliance with Applicable Law.** Except as set forth on Schedule 4.9, the Group Companies hold all material permits, licenses, approvals, certificates and other authorizations of and from all Governmental Entities necessary for the lawful conduct of their respective businesses as presently conducted (the "Company Permits"). The Company Permits are valid and are in full force and effect, in each case in all material respects, and the Group Companies are in compliance in all material respects with all of the Company Permits. There are no Actions pending, or to the Company's Knowledge threatened, which would reasonably be expected to result in the revocation or suspension of any material Company Permit. The business of the Group Companies is operated in material compliance with all applicable Laws, orders, judgments, writs, injunctions or decrees of all Governmental Entities applicable to the Group Companies. Neither the Company nor any Subsidiary is in violation of any applicable Laws in any material respect.

**Section 4.10 Employee Plans.**

(a) Schedule 4.10(a) lists all Employee Benefit Plans.

(b) No Employee Benefit Plan is, and no Group Company sponsors, maintains, contributes to or has any obligation to contribute to, or otherwise has any obligation or liability, whether actual or contingent, direct or indirect (including any joint and several liability with respect to ERISA Affiliate plans), in connection with, (i) a Multiemployer Plan, (ii) a plan that is subject to Title IV of ERISA, Section 302 of ERISA or Section 412 of the Code, (iii) a multiple employer welfare arrangement (as defined in Section 3(40) of ERISA), or (iv) a "multiple employer plan" (as defined in Section 413(c) of the Code). Except as set forth on Schedule 4.10(b), no Employee Benefit Plan provides, and no Group Company has any obligation to provide retiree or post-employment health or welfare benefits to any Person other than health continuation coverage pursuant to COBRA.

(c) Each Employee Benefit Plan has been established, maintained and administered in compliance in all material respects with its terms and the applicable requirements of ERISA, the Code and any other applicable laws. Each Employee Benefit Plan that is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service or is the subject of a favorable opinion letter from the Internal Revenue Service on the form of such Employee Benefit Plan and, to the Knowledge of the

Company, nothing has occurred that would adversely affect in any material respect the qualification of any such Employee Benefit Plan.

(d) No prohibited transaction (as defined in Section 406 of ERISA or Section 4975 of the Code) has occurred with respect to any Employee Benefit Plan that would be reasonably likely to subject any Group Company to any material liability or to any material Tax or penalty imposed by ERISA or the Code. With respect to each Employee Benefit Plan, (i) no material breaches of fiduciary duty or other failures to act or comply in connection with the administration or investment of the assets of such Employee Benefit Plan have occurred, and (ii) no material lien has been imposed under the Code, ERISA or any other applicable Law.

(e) No material Action with respect to any Employee Benefit Plan, the assets of the trusts under such Employee Benefit Plan, or the sponsor, administrator or fiduciary of such Employee Benefit Plan (other than routine claims for benefits) is currently pending or, to the Company's Knowledge, threatened. With respect to the Employee Benefit Plans, no event has occurred and, to the Knowledge of the Company, there exists no condition or set of circumstances in connection with any Group Company which would reasonably be expected to subject any Group Company to any liability (other than routine claims for benefits) for non-compliance with the terms thereof or non-compliance under any applicable Law, that individually or in the aggregate, has resulted in or would result in any material liability to any Group Company.

(f) With respect to each Employee Benefit Plan, the Company has made available to Parent copies, to the extent applicable, of (i) the current plan (including all amendments thereto) and a description of the material terms of any Employee Benefit Plan that is not in writing, (ii) all current related trust documents, (iii) the most recent summary plan description, (iv) the three most recent annual reports (Form 5500 series), (v) the three most recent financial statements, actuarial reports and trustee reports, if any, (vi) the most recent Internal Revenue Service determination or opinion letter and any pending request for such a letter and (vii) all material records, notices and filings concerning Internal Revenue Service or Department of Labor audits or investigations for the past three (3) years.

(g) Each Group Company is in compliance in all material respects with (i) the applicable requirements of the applicable health care continuation and notice provisions of COBRA and the regulations thereunder and (ii) the applicable requirements of the Health Insurance Portability and Accountability Act of 1996, as amended, and the regulations thereunder.

(h) Except as set forth on Schedule 4.10(h), neither the execution or delivery of this Agreement nor the consummation of the transactions contemplated hereby (whether alone or in combination with any other event) will (i) entitle any employee or other service provider of any Group Company to any payment or benefit, (ii) accelerate the time of payment, funding or vesting or any compensation or benefits to any employee or other service provider of any Group Company, or (iii) increase or enhance the amount of benefits payable by any Group Company or the amount of any compensation due to any employee or other service provider of any Group Company, whether under an Employee Benefit Plan or otherwise.

(i) No Employee Benefit Plan is, to the Knowledge of the Company, subject to the Laws of any jurisdiction outside the United States, or provides compensation or benefits to any individual service provider (or any dependent thereof) working for any Group Company outside of the United States.

(j) The per share exercise price of each Company Option was not less than the fair market value of a share of the Common Stock on the applicable grant date.

#### **Section 4.11 Environmental Matters.**

Except as set forth on Schedule 4.11:

(c) The Group Companies, including with respect to the Real Property, are now and since September 26, 2011 have been in material compliance with all Environmental Laws and Environmental Permits.

(d) The Group Companies hold all material permits, licenses and other authorizations of and from all Governmental Entities that are required pursuant to Environmental Laws for the lawful conduct of their respective businesses (“Environmental Permits”) as presently conducted. No Environmental Permit will terminate as a result of the consummation of the Merger or the other transactions contemplated by this Agreement, and no Environmental Permit is required to be transferred or filed with or received from any Governmental Entity prior to the Closing in order for the Group Companies to operate any of their businesses or Real Property (as presently conducted) on and after the Closing.

(e) The Company has not received any unresolved, or since September 26, 2011, any other written notice of any material alleged or actual violation of, or material liability or potential liability under, any Environmental Laws, nor to the Knowledge of the Company is there any basis for such a notice. There are no material Actions under Environmental Laws or material Environmental Claims currently pending or, to the Knowledge of the Company, threatened against any Group Company.

(f) There has been no material Release of Hazardous Substances by any Group Company (or, to the Knowledge of the Company, by any other Person) from, on, under or migrating to the Real Property, or from, on, under or migrating to any other real property owned or leased by any Group Company, that requires reporting, investigation, cleanup or remediation by any Group Company under Environmental Law. Neither the Group Companies nor, to the Knowledge of the Company with respect to the Real Property, any other Person, has engaged in the Handling of Hazardous Substances, except in a manner that (i) complied with Environmental Laws in all material respects and (ii) would not reasonably be expected to result, in any material Environmental Claim against any Group Company.

(g) To the Knowledge of the Company, there are no underground storage tanks located on the Real Property.

(h) To the Knowledge of the Company, no asbestos or PCB compounds were used in the construction of the Improvements. To the Knowledge of the Company, there are no asbestos or PCB compounds located in, at or upon any of the Real Property, in a manner or condition that would reasonably be expected to result in any material Environmental Claim against any Group Company.

(i) No Group Company has entered into any consent decree or order pursuant to any Environmental Law nor is any Group Company a party to any judgment, decree or judicial or administrative order pursuant to any Environmental Law.

(j) The Group Companies have made available (in the virtual data room used by the Parties to this transaction) to Parent all material environmental audits, reports and assessments and Environmental Permits that are in their possession or reasonable control relating to the environmental condition of the Real Property or the compliance of the Group Companies with Environmental Laws.

(k) No Group Company has any material obligation under Environmental Laws to investigate or remediate the property located at 100 Delawanna in Clifton, New Jersey, nor is there any evidence of, or reasonable basis to believe there is, a vapor intrusion condition at this property that is endangering human health or requires a response action by any Group Company.

#### **Section 4.12 Intellectual Property.**

(a) Except as set forth on Schedule 4.12(a), the Group Companies own, license or otherwise have the right to use, free and clear of all Liens except for Permitted Liens, all Intellectual Property Rights necessary to the conduct of the business of the Group Companies as currently conducted (collectively, the “Group Company IP Rights”), provided, however, that the foregoing is not a representation or warranty that the conduct of the business of the Group Companies does not infringe or misappropriate any Intellectual Property Rights of any Person, which is the subject of the second sentence of Section 4.12(c).

(b) Schedule 4.12(b) sets forth a list of (i) patents, trademark registrations, copyright registrations and domain registrations owned by each Group Company and (ii) patent applications and applications for the registration of trademarks or copyrights owned by each Group Company, in each case, as of the date hereof and listing for each the name, jurisdiction, registration or application number, and registration or application date, as applicable. Except where noted on Schedule 4.12(b), the Intellectual Property Rights set forth on Schedule 4.12(b) are (x) to the Company's Knowledge, valid and enforceable and (y) subsisting and have not been abandoned or cancelled.

(c) Except as set forth on Schedule 4.12(c), (i) there are no Actions pending before any Government Entity (or otherwise) or, to the Company's Knowledge, threatened against any Group Company contesting the enforceability, validity, use or ownership of any Group Company IP Right owned by such Group Company, or alleging that any Group Company is infringing, diluting, misappropriating or otherwise violating the Intellectual Property Rights of any other Person, and (ii) there are no Actions currently pending before any Governmental Entity (or otherwise) that have been brought by any Group Company against any Person alleging infringement, dilution, misappropriation or other violation of any Group Company IP Right. Except as set forth on Schedule 4.12(c), the conduct of the business of the Group Companies as currently conducted does not materially infringe or misappropriate any Intellectual Property Rights of any Person. Except as set forth on Schedule 4.12(c), to the Company's Knowledge, no Person is infringing, diluting, misappropriating or otherwise violating any Group Company IP Rights owned by any Group Company.

(d) The Company has taken all commercially reasonable actions necessary to maintain and protect all of the Group Company IP Rights owned by any Group Company, including all such actions necessary to maintain the confidentiality of its trade secrets and other confidential information.

(e) Except as set forth on Schedule 4.12(e), the Group Companies have been and are currently operating in compliance, in all material respects, with all applicable Information Privacy and Security Laws, and, to the Company's Knowledge, no equityholder, officer, or director of the Group Companies, has engaged in any act on behalf of such entity that violates, in any material respect, the Information Privacy and Security Laws. No Group Company has, in the past four (4) years received any written notice from any Governmental Entity of any violation of any Information Privacy and Security Laws by the Group Companies. The Group Companies have at all times in the past four (4) years complied in all material respects with all rules, policies, and procedures established by the Group Companies from time to time with respect to privacy, data security, or collection and use of Personal Information and user information gathered or accessed in the course of the operations of the Group Companies. The Group Companies have and maintain commercially reasonable data and information security programs and privacy policies. To the Company's Knowledge, no Group Company has made or suffered any unauthorized acquisition, access, use or disclosure of any Personal Information that, individually or in the aggregate, compromises the security or privacy of such Personal Information or otherwise acted in a manner that would trigger a notification or reporting requirement under any Information Privacy and Security Laws. In the past four (4) years, no Group Company has notified, either voluntarily or as required by Law, any affected individual, any Governmental Entity, or the media of any breach of Personal Information, and no Group Company is currently planning to conduct any such notification or investigating whether any such notification is required.

(f) The computers, software, servers, workstations, routers, hubs, switches, circuits, networks, data communications lines and all other information technology equipment of the Group Companies (collectively, the "IT Assets") currently operate in all material respects as required by the Group Companies in the conduct of their business and have not, in the last four (4) years, malfunctioned or failed in any material respect. The Group Companies have implemented commercially reasonable measures, to protect the confidentiality and security of the IT Assets (and all information stored or contained therein or transmitted thereby) against any unauthorized use, access, interruption, modification or corruption. The Group Companies have implemented commercially reasonable data backup, data storage, system redundancy and disaster avoidance and recovery procedures with respect to the IT Assets, in each case.

#### **Section 4.13 Labor Matters.**

(a) Except as set forth on Schedule 4.13(a), (i) no Group Company is or within the past four (4) years has been a party to any collective bargaining agreement with respect to its employees, (ii) there is no strike,

work stoppage, lockout, picketing, or other material labor dispute pending or, to the Company's Knowledge, threatened against any Group Company, nor has any such strike, work stoppage, lockout, picketing or material labor dispute occurred within the past three years, (iii) to the Company's Knowledge, no union organization campaign is in progress or threatened with respect to any employees of any Group Company and no question concerning representation exists respecting such employees, (iv) there is no material unfair labor practice charge or complaint pending against any Group Company or, to the Company's Knowledge, threatened by or on behalf of any employees, and (v) there are no material grievances, complaints, claims or judicial or administrative proceedings, in each case, which are pending or, to the Company's Knowledge, threatened by or on behalf of any employees.

(b) The Group Companies are in compliance in all material respects with all applicable Laws respecting employment and employment practices, terms and conditions of employment of employees, former employees and prospective employees, wages and hours, pay equity, discrimination in employment, wrongful discharge, collective bargaining, fair labor standards, occupational health and safety, personal rights or any other labor and employment-related matters.

(c) Except as would not result in material liability to any Group Company, each individual providing services to the Group Companies has been properly classified by such entity as an employee or independent contractor with respect to each such entity for all purposes under applicable Law and the Employee Benefit Plans.

(d) During the past four (4) years, no Group Company has engaged in any plant closing or mass layoff, within the meaning of the Worker Adjustment Retraining and Notification Act of 1988, as amended, or any similar state or local statute, rule or regulation, affecting any site of employment or one or more facilities or operating units within any site of employment or facility of any Group Company.

(e) The Company has made available to Parent a list, as of June 30, 2015, of the names and current annual salary rates or current hourly wages, as applicable, bonus opportunity, hire date, accrued vacation and paid-time-off, principal work location and leave status of all present employees of the Group Companies and each such employee's status as being exempt or nonexempt from the application of state and federal wage and hour laws applicable to employees who do not occupy a managerial, administrative, or professional position.

(f) Schedule 4.13(f) contains a list as of June 30, 2015 of all consultants currently engaged by any Group Company at an annual rate of remuneration in excess of \$150,000, along with the position, date of retention and rate of remuneration for each such Person.

**Section 4.14 Insurance.** Schedule 4.14 contains a complete list of all policies of fire, liability, workers' compensation, property, casualty and other forms of insurance owned or held by the Group Companies as of the date of this Agreement specifying the insurer, the nature and amount of coverage, and the date through which coverage shall continue by virtue of the premiums already paid as of the date of this Agreement. All such policies are in full force and effect and no notice of cancellation, non-renewal or termination has been received by any Group Company with respect to any such policy during the past three (3) years. Except as set forth on Schedule 4.14, (a) no Group Company has made any claim under any such policy during the past three (3) years with respect to which an insurer has, in a written notice to a Group Company, questioned, denied or disputed or otherwise reserved its rights with respect to coverage and (b) no insurer has threatened in writing to cancel any such policy.

**Section 4.15 Tax Matters.**

(a) Except as set forth on Schedule 4.15:

(i) Each Group Company has timely filed (or has had filed on its behalf) with the appropriate taxing authority all income and other material Tax Returns required to be filed by it and has timely paid (or has had paid on its behalf) all income and other material Taxes shown as due on such Tax Returns and all other material Taxes due and owing by such Group Company (whether or not shown as due on any Tax Returns), including Taxes which such Group Company is required to withhold.

(ii) All Tax Returns filed by any of the Group Companies are true and correct in all material respects.

(b) The unpaid Taxes of the Group Companies did not, as of March 31, 2015, exceed the reserve for Tax liability (excluding any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the Financial Statements (rather than in any notes thereto). Since March 31, 2015, no Group Company has incurred any liability for Taxes outside the ordinary course of business.

(c) Each Group Company has withheld and paid all material Taxes required to be have been withheld and paid by them in connection with the amounts paid or owing to any employee, independent contractor, creditor, stockholder of such Group Company or other Person.

(d) There are no material Liens for Taxes upon any property or asset of any Group Company other than Permitted Liens.

(e) No Group Company is currently the subject of any Tax audit, examination or other similar proceeding or has received any written notice of a material Tax assessment or deficiency that has not been satisfied by payment or subsequently withdrawn. There are no matters under discussion between any taxing authority and the Company, with respect to Taxes that are likely to result in an additional liability for material Taxes with respect to any Group Company.

(f) No Group Company (including any predecessor thereof) has waived any statute of limitations in respect of Taxes or consented to extend the time, or is the beneficiary of any extension of time, in which any Tax may be assessed or collected by any taxing authority (other than any extension which is no longer in effect or which was made in the ordinary course of business consistent with past practices of the Group Companies), nor has any request been made in writing for any such extension or waiver.

(g) No unresolved written claim has been made within the past three (3) years by any taxing authority in a jurisdiction where any Group Company does not file Tax Returns that any such Group Company is or may be subject to taxation by that jurisdiction which request remains outstanding.

(h) No Group Company (i) has been a member of an affiliated group or filed or been included in a combined, consolidated or unitary income Tax Return (other than any such Tax Return of which a Group Company is or was the common parent), (ii) has incurred any liability for Taxes of another Person (other than a Group Company) under Section 1.1502-6 of the Treasury Regulations (or any similar provision of state, local or foreign law), as a transferee or successor or by contract (other than any commercial contract the principal purpose of which does not relate to Taxes), or (iii) is a party to or bound by, or liable for any Taxes as a result of, any Tax allocation or sharing agreement (other than customary Tax indemnification provisions in commercial agreements entered into in the ordinary course of business the principal purpose of which is not Taxes);

(i) For U.S. federal income tax purposes, each Group Company is either taxable as a corporation or treated as an entity disregarded as separate from its owner pursuant to Section 301.7701-3(b) of the Treasury Regulations. No Group Company is a partner for Tax purposes with respect to any joint venture, partnership, or other arrangement or contract which is treated as a partnership for Tax purposes. If any Group Company owns an interest in an entity taxable as a corporation for U.S. federal income tax purposes (including another Group Company), such Group Company does not own less than one hundred percent (100%) of the outstanding capital stock and other equity interests of such entity.

(j) No Group Company has engaged in any transaction that is a "listed transaction" under Section 1.6011-4(b)(2) of the Treasury Regulations or any other transaction requiring disclosure under analogous provisions of state, local or foreign Tax law. No Group Company has participated, or plans to participate, in any Tax amnesty program.

(k) No Group Company will be required to include any material item of income in, or exclude any material item of deduction from, taxable income for any period (or any portion thereof) ending after the Closing Date as a result of any installment sale or other transaction on or prior to the Closing Date, any accounting method change or agreement with any taxing authority filed or made on or prior to the Closing Date, any prepaid amount received on or prior to the Closing, or any election under Section 108(i) of the Code.

(l) Within the past four (4) years, no Group Company (i) has been a shareholder of a “controlled foreign corporation” as defined in Section 957 of the Code (or any similar provision of state, local or foreign law); (ii) has been a “personal holding company” as defined in Section 542 of the Code (or any similar provision of state, local or foreign law); (iii) has been a shareholder of a “passive foreign investment company” within the meaning of Section 1297 of the Code; or (iv) has engaged in a trade or business, had a permanent establishment (within the meaning of an applicable Tax treaty), or otherwise become subject to Tax jurisdiction in a country other than the United States.

(m) No Group Company has participated in or is participating in an international boycott within the meaning of Section 999 of the Code.

(n) Within the past two (2) years, no Group Company has distributed the stock of another Person or has had its stock distributed by another Person in a transaction that was purported or intended to be governed in whole or in part by Section 355 or 361 of the Code.

(o) Each “nonqualified deferred compensation plan” (as defined under Section 409A(d)(i) of the Code and the regulations promulgated thereunder), under which the Company or any Subsidiary of the Company makes, or is obligated to make or promises to make payments or provide benefits complies in all material respects in both form and operation with the requirements of Section 409A of the Code and the regulations promulgated thereunder. There has not been any “modification” (within the meaning of Section 409A of the Code) of any Company Options in connection with the adjustment of exercise prices resulting from the cash dividend paid in April 2014.

(p) Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, either alone or in combination with another event (whether contingent or otherwise) would result in an amount that would be received by any employee or other service provider of any Group Company or any of its ERISA Affiliates that would not be deductible by reason of Section 280G of the Code or would be subject to an excise tax under Section 4999 of the Code.

**Section 4.16 Brokers.** No broker, finder, financial advisor or investment banker, other than Barclays, DH Capital and any other Person set forth on Schedule 4.16 (in each case, whose fees shall be included in the Seller Expenses), is entitled to any broker’s, finder’s, financial advisor’s, investment banker’s fee or commission or similar payment in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of any Group Company. For the avoidance of doubt, any obligations set forth on Schedule 4.16 will constitute Seller Expenses.

**Section 4.17 Real and Personal Property.**

(a) Ownership of the Real Property.

(i) Owned Real Property.

(A) Schedule 4.17(a)(i) sets forth a true and complete list of all Owned Real Property. With respect to each Owned Real Property: (1) to the Knowledge of the Company, the Group Company has good and marketable fee simple title to such Owned Real Property, subject only to the Permitted Liens and Liens which will be released in their entirety prior to Closing, and (2) other than this Agreement, no Group Company has transferred or entered into any agreement (other than an agreement which has indisputably terminated prior to the date hereof) granting any Person any right of first offer, purchase option or other right to acquire the Owned Property or any portion thereof.

(B) The Owned Real Property is owned by the Group Company set forth on Schedule 4.17(a)(i) opposite the description of such Owned Real Property. Except as set forth on Schedule 4.17(a)(i), there are no leases or occupancy agreements granting any Person other than the Group Companies any interest in or to the Owned Real Property (each item set forth on Schedule 4.17(a), an “Owned Real Property Sub Lease”. The Owned Real Property Sub Leases have not been amended, modified or terminated except as set forth in Schedule 4.17(a)(i). Each Owned Real Property Sub Lease is valid, binding and enforceable in all material respects in accordance with its respective terms on the Group Companies (subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting generally the enforcement of creditors’ rights and subject to general principles of equity). There is no existing material default or material breach by any of the Group Companies under any Owned Real Property Sub Lease and, (i) to the Knowledge of the Company, no other party is in material breach of, or material default under, any Owned Real Property Sub Lease, (ii) no event has occurred which would result in a material breach of or material default under any Owned Real Property Sub Lease by any of the Group Companies, or to the Knowledge of the Company, any other party thereto (in each case, with or without notice or lapse of time or both) and (iii) to the Knowledge of the Company, each Owned Real Property Sub Lease is valid, binding and enforceable in all material respects on the other parties thereto (subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting generally the enforcement of creditors’ rights and subject to general principles of equity), and there is no action or proceeding, voluntary or involuntary, pending against any party to an Owned Real Property Sub Lease under any section or sections of any bankruptcy or insolvency law, except, in the case of this clause (iii), where the aggregate unpaid rent (A) under their respective Owned Real Property Sub Leases does not exceed \$100,000 individually for the 12 month period ending on June 30, 2015, and (B) with respect to all of such Owned Real Property Sub Leases, does not exceed \$500,000 collectively for the 12 month period ending on June 30, 2015. There are no disputes between tenants under Owned Real Property Sub Leases and a Group Company for the twelve (12)-month period ended June 30, 2015, which, in the aggregate, would be expected to result in liability in excess of \$500,000 to any Group Company.

(C) To the Knowledge of the Company, Schedule 4.17(a)(i) sets forth a true and complete list of all agreements which require the Group Companies to pay any leasing, brokerage or similar commission in connection with the Owned Real Property Sub Leases other than (i) to a Group Company, or (ii) obligations reflected in the Latest Balance Sheet. The Company has delivered or made available to Parent true, correct and complete (in all material respects) copies of all such leasing, brokerage, and commission agreements, and no such leasing, brokerage or commission agreements have been amended, modified or terminated except as set forth in Schedule 4.17(a)(i).

(ii) Leased Real Property.

(A) Except for the Required Consent and the other consents and notices described on Schedule 4.5, no Landlord has any consent right, approval right, right of termination, right to receive notice or other material right arising from or relating to the Merger or any of the other transactions contemplated by this Agreement. Schedule 4.17(a)(ii)(A)(1) sets forth a true and complete list of all Material Real Property Leases and except as set forth on Schedule 4.17(a)(ii)(A)(1), there are no licenses, colocation agreements or other documents evidencing the rights and obligations of any of the Group Companies to use or occupy space or telecommunications equipment or receive services, in, at or about any real property other than the Owned Real Property and the Additional Property Locations. The Group Companies do not occupy more than *de minimis* amounts of space and/or maintain significant amounts of equipment (e.g., more than a few racks or a cabinet) at each of the Additional Property Locations. The Group Companies do not have any obligations with respect to the Additional Property Locations other than immaterial obligations. The Company has delivered or made available to Parent complete copies of all Material Real Property Leases, and the copies so provided are true, correct and complete. The Material Real Property Leases have not been amended, modified or terminated except for any amendments provided to Parent in accordance with this Section 4.17(a)(ii)(A)(1). The Group Companies have delivered to Landlords all security deposits required under the Material Real Property Leases, and to the Knowledge of Company, none of such security deposits has been applied against any of the obligations of any of the Group Companies.

(B) Each Material Real Property Lease is valid, binding and enforceable in all material respects in accordance with its respective terms on the Group Companies (subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting generally the enforcement of creditors’ rights and subject

to general principles of equity). There is no existing material default or material breach by any of the Group Companies under any Material Real Property Lease nor is there any default under a Material Real Property Lease that would give the Landlord thereunder the right to consent to the transactions described in this Agreement that such Landlord would otherwise not have absent such default, and, (i) to the Knowledge of the Company, no other party is in material breach of, or material default under, any Material Real Property Lease, (ii) no event has occurred which would result in a material breach of or material default under any Material Real Property Lease by any of the Group Companies, or to the Knowledge of the Company, any other party thereto (in each case, with or without notice or lapse of time or both) and (iii) to the Knowledge of the Company, (A) each Material Real Property Lease is valid, binding and enforceable in all material respects with respect to the other parties thereto (subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting generally the enforcement of creditors' rights and subject to general principles of equity) and (B) there is no action or proceeding, voluntary or involuntary, pending against any Landlord under any section or sections of any bankruptcy or insolvency law.

(C) Except for Customer Contracts and rights granted to a landlord as a part of a Material Real Property Lease, there are no subleases, licenses, occupancy agreements, concession agreements, colocation agreements or other documents granting any Person other than the Group Companies any right to use or occupy space or any telecommunications equipment or receive any services related thereto in the Leased Real Property, and there are no other agreements binding upon any of the Group Companies or the Leased Real Property granting any Person the right to use or occupy space or telecommunications equipment at the Leased Real Property after the Closing. None of the Group Companies has any renewal or expansion options or obligations except as set forth in the Material Real Property Leases. None of the Material Real Property Leases, nor any interest therein, has been previously assigned or pledged by any of the Group Companies except such pledges and assignments as shall be fully released prior to Closing. The Group Companies are the only owners and holders of, and have all of the tenant's or licensee's right, title and interest in and to the Leased Real Property, free of any and all monetary liens, charges or encumbrances and free of all other Liens other than the Permitted Liens or pursuant to Customer Contracts and Service Orders.

(b) Infrastructure Agreements. There are no Infrastructure Agreements affecting the Owned Real Property other than such Infrastructure Agreements as are reasonable and customary and entered into in the ordinary course and which do not impose material obligations. To the Knowledge of the Company, (1) each Group Company holds such right, title and interest in and to the Infrastructure Agreements as is reasonably necessary to conduct its business as presently conducted, and (2) none of the Group Companies has experienced any unresolved disputes or issue related to the Infrastructure Agreements that have arisen in connection with the Infrastructure Agreements that would have a material adverse impact on the ability of the Group Company to conduct its business at the real property to which such Infrastructure Agreement relates. There is no existing material default or material breach by any of the Group Companies under any Infrastructure Agreement and, (i) to the Knowledge of the Company, no other party is in material breach of, or material default under, any Infrastructure Agreement, (ii) no event has occurred which would result in a material breach of or default under any Infrastructure Agreement by any of the Group Companies, or to the Knowledge of the Company, any other party thereto (in each case, with or without notice or lapse of time or both) and (iii) to the Knowledge of the Company, each Infrastructure Agreement is valid, binding and enforceable in all material respects on the other parties thereto (subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting generally the enforcement of creditors' rights and subject to general principles of equity), and there is no action or proceeding, voluntary or involuntary, pending against any party to any Infrastructure Agreement.

(c) Electric Power. Schedule 4.17(c) sets forth a true and correct list, as of June 5, 2015, of all of the electric power (i) on a suite-by-suite basis, with respect to all of the Real Property available for use by the Group Companies within such suite, and (ii) with respect to each Leased Property and each Owned Real Property, (1) the aggregate amount of electric power that the Group Companies has committed to provide to Customers under Customer Contracts or tenants under Owned Real Property Sub Leases, and (2) the aggregate amount of electric power used at each Real Property on a historical basis. The information contained in Schedule 4.17(c) is accurate as of the date hereof other than changes that have occurred since June 5, 2015 resulting from the conduct of business by the Group Companies in the ordinary course. None of the Group Companies has entered into any Customer Contract, Owned Real Property Sub Lease or other agreement to provide electric power to any Person (x) except in the ordinary course of business or (y) in excess of the capacity of the applicable Group Company to provide such electric power, on historical usage patterns and industry patterns.

(d) Compliance With Laws. To the Knowledge of the Company, (i) the use being made of the Realty is in material conformity with the certificates of occupancy issued for the Realty; (ii) the Realty is in material compliance with all building, fire, zoning and other laws, ordinances and regulations applicable thereto, including the Americans with Disabilities Act, in all material respects; and (iii) the Real Property and the present use and condition thereof do not violate any applicable deed restrictions or other covenants, restrictions or agreements, site plan approvals, zoning or subdivision regulations or urban redevelopment plans applicable thereto, as modified by any duly issued variances.

(e) Governmental Actions. To the Knowledge of the Company, none of the Group Companies has received written notice from any Governmental Entity of any pending or threatened (i) proceeding or governmental action to modify the zoning classification of all or any part of the Realty, (ii) reassessment or special assessments or penalties or interest with respect to real estate taxes or any other assessments applicable to the Realty, other than (A) any reassessment that may result solely from the Merger or (B) reassessments conducted by the Governmental Authorities in the ordinary course pursuant to their respective property tax assessment procedures; or (iii) governmental moratoria materially affecting the Real Property or any other impediments that are reasonably likely to materially interfere with the use or disposition of the Realty or the value or operations of the Realty following the Closing.

(f) Condemnation. To the Knowledge of the Company, none of the Group Companies has received any notice from any Governmental Entity to the effect that any condemnation proceeding is pending or contemplated in connection with the Realty nor is any condemnation proceeding contemplated or threatened in connection with the Realty.

(g) Realty Personal Property. All of the Realty Personal Property is owned by the Group Companies, free and clear of all Liens other than Permitted Liens. All of the Realty Personal Property required for the operation, repair or maintenance of the Realty is owned by the Group Companies, and except as set forth in Schedule 4.17(g), none of it is leased from or owned by any other Person.

(h) Real Property Approvals. To the Knowledge of Company, the Group Companies hold all of the Real Property Approvals legally required to own the Owned Real Property, lease the Leased Real Property and operate the Real Property in the ordinary course of its business, and none of the Group Companies has received notice of any intention on the part of the issuing Governmental Entity to cancel, suspend or modify any of the material Real Property Approvals.

**Section 4.18 Transactions with Related Parties**. Other than commercial Contracts entered into on arm's length terms between portfolio companies of the Sellers on the one hand and any Group Company on the other hand, Schedule 4.18 sets forth all Contracts between any Group Company, on the one hand, and Affiliates of the Company (other than any other Group Company or any Employee Benefit Plan), on the other hand. Schedule 4.18 contains a true, correct and complete list of all Contracts that provide for the indemnification of the Company's directors and officers by any Group Company.

**Section 4.19** Customer Contracts.

(a) A description, as of June 1, 2015, of each of the Customer Contracts of the Group Companies setting forth the name of the Customer, rent commencement date (if it has not yet occurred), initial expiration date, current expiration date, renewal notices, renewal options, remaining months in term and monthly revenue (for the month of May 2015) is attached hereto as Schedule 4.19(a) (the "Customer Contract Spreadsheet"). The foregoing information contained in the Customer Contract Spreadsheet is accurate as of the date hereof other than changes that have occurred since June 1, 2015 resulting from the conduct of business by the Group Companies in the ordinary course and, with respect to changes occurring pursuant to Service Orders, none of which was a Prohibited Service Order. The Company has delivered or made available to Parent copies of Customer Contracts (excluding Service Orders) which are set forth on the Customer Contract Spreadsheet with the Group Companies' top 50 Customers (each, a "Material Customer") by revenue received in April 2015 (such Customer Contracts, the "Material Customer Contracts"). Other than the rights of tenants under the Owned Real Property Sub Leases, the rights of Customers under the Customer Contracts and the rights of landlords under Material Real Property Leases, (a) there are no licenses, colocation agreements or other

documents evidencing the right of any Person (other than the Group Companies) to use or occupy space or equipment or obtain services in or about the Real Property nor (b) to the Knowledge of Company, is any Person other than the Group Companies, using or occupying space or equipment or obtaining other services in or about the Real Property by, through or from the Group Companies. The aggregate security deposits held by the Group Companies under the Customer Contracts and Owned Real Property Sub Leases does not exceed \$2,750,000 in the aggregate. All of the information contained in the Customer Contract Spreadsheet is true, correct and complete in all material respects.

(b) The Material Customers have no renewal or expansion option except as set forth in the Customer Contracts or in any related Service Order. None of the Material Customer Contracts, nor any interest therein, has been previously assigned or pledged by any of the Group Companies except such assignments or pledges as shall be fully released prior to the Closing. Schedule 4.19(b) set forth a list of all Customer notices of service issues for the twelve month period ended June 20, 2015.

(c) Except as would not be material to the Group Companies, taken as a whole, each Customer Contract is valid, binding and enforceable in all material respects in accordance with its respective terms on the Group Companies (subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting generally the enforcement of creditors' rights and subject to general principles of equity). There is no existing material default or breach by, and none of the Group Companies has received any notice alleging any material default or breach by, any of the Group Companies under any Material Customer Contract and, to the Knowledge of the Company, (1) there is no material default (other than any default that has been continuing for 60 or fewer days) by (i) any Material Customer under a Customer Contract, or (ii) any other Customer under a Customer Contract except where such defaults, in the aggregate, involve an amount in dispute of less than \$1,000,000, (2) no event has occurred which would result in a breach or violation of, or a default under, the Customer Contracts by any of the Group Companies that would entitle the Customers thereunder to a credit or offset against their obligations to pay rent or other revenues in an amount which exceeds \$1,000,000 in the aggregate, and (3) each Material Customer Contract is valid, binding and enforceable in all material respects with respect to the other parties thereto (subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting generally the enforcement of creditors' rights and subject to general principles of equity), and there is no action or proceeding, voluntary or involuntary, pending against any party to a Material Customer Contract under any section or sections of any bankruptcy or insolvency law.

**Section 4.20** **EXCLUSIVITY OF REPRESENTATIONS AND WARRANTIES.** EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS ARTICLE 4 AND IN THE ANCILLARY AGREEMENTS, NEITHER THE COMPANY NOR ANY OTHER PERSON MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE EXECUTION AND DELIVERY OF THIS AGREEMENT OR THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THE BUSINESS OR ASSETS OF THE GROUP COMPANIES.

**ARTICLE 5**  
**REPRESENTATIONS AND WARRANTIES**  
**OF PARENT AND MERGER SUB**

Parent and Merger Sub hereby represent and warrant, on a joint and several basis, to the Company as follows:

**Section 5.1** **Organization.** Each of Parent and Merger Sub is a corporation, duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation and has all requisite power and authority to carry on its businesses as now being conducted, except where the failure to have such power or authority would not prevent or materially delay the consummation of the Merger.

**Section 5.2** **Authority.** Each of Parent and Merger Sub has all necessary power and authority to execute and deliver this Agreement and the Ancillary Documents to which Parent and Merger Sub are parties and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the Ancillary Documents to which Parent and Merger Sub are parties and the consummation of the transactions contemplated hereby have been (and the Ancillary Documents to which Parent and Merger Sub are parties will be) duly authorized by all necessary action on the part of Parent and Merger Sub and no other proceeding (including by their respective equityholders) on the part of Parent or Merger Sub is necessary to authorize this Agreement and the Ancillary Documents to which Parent

and Merger Sub are parties or to consummate the transactions contemplated hereby. No vote of Parent's equityholders is required to approve this Agreement or for Parent or Merger Sub to consummate the transactions contemplated hereby and thereby. This Agreement has been (and the Ancillary Documents to which Parent and Merger Sub are parties will be) duly and validly executed and delivered by each of Parent and Merger Sub and constitutes a valid, legal and binding agreement of each of Parent and Merger Sub (assuming this Agreement has been and the Ancillary Documents to which Parent and Merger Sub are parties will be duly authorized, executed and delivered by the other parties thereto), enforceable against each of Parent and Merger Sub in accordance with its terms, except (a) to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally and (b) that the availability of equitable remedies, including specific performance, is subject to the discretion of the court before which any proceeding thereof may be brought.

**Section 5.3 Consents and Approvals; No Violations.** Assuming the truth and accuracy of the Company's representations and warranties contained in Section 4.5, no material notices to, filings with, or authorization, consent or approval of any Governmental Entity is necessary for the execution, delivery or performance of this Agreement by Parent and Merger Sub or the Ancillary Documents to which Parent or Merger Sub are a party or the consummation by Parent and Merger Sub of the transactions contemplated hereby, except for (i) compliance with and filings under the HSR Act and any required competition filing with any foreign Governmental Entity, (ii) the filing of the Certificate of Merger, (iii) those set forth on Schedule 5.3 and (iv) those the failure of which to obtain or make would not reasonably be expected to, individually or in the aggregate, prevent or materially delay consummation of the Merger and the other transactions contemplated hereby. Neither the execution, delivery and performance by Parent or Merger Sub of this Agreement and the Ancillary Documents to which Parent or Merger Sub are a party nor the consummation by Parent or Merger Sub of the transactions contemplated hereby will (a) conflict with or result in any breach of any provision of Parent's or Merger Sub's Governing Documents, (b) except as set forth on Schedule 5.3, result in a material violation or breach of, or constitute (with or without due notice or lapse of time or both) a material default or give rise to any right of termination, cancellation or acceleration under, any of the terms, conditions or provisions of any material Contract or obligation to which Parent or Merger Sub is a party or by which any of them or any of their respective properties or assets may be bound, or (c) violate in any material respect any order, writ, injunction, decree, law, statute, rule or regulation of any Governmental Entity applicable to Parent or Merger Sub or any of Parent's Subsidiaries or any of their respective properties or assets, except in the case of clauses (b) and (c) above, for violations which would not prevent or materially delay the Merger.

**Section 5.4 Litigation.** There is no Action pending or, to the knowledge of Parent and Merger Sub, threatened against Parent, Merger Sub or any material portion of their respective properties or assets that would reasonably be expected, individually or in the aggregate, to materially impair or delay the ability of Parent and Merger Sub to effect the transactions contemplated hereby. Neither Parent nor Merger Sub is subject to any unsatisfied order, writ, injunction or decree that, individually or in the aggregate, would reasonably be expected to materially impair or delay the ability of Parent or Merger Sub to effect the transactions contemplated hereby.

**Section 5.5 Brokers.** No broker, finder, financial advisor or investment banker is entitled to any brokerage, finder's, financial advisor's or investment banker's fee or commission or similar payment in connection with the transactions contemplated by this Agreement based upon arrangements made by and on behalf of Parent or Merger Sub or any of their respective Affiliates for which Sellers or any Group Company may become liable.

**Section 5.6 Financing.** Attached hereto as Exhibit F are true, complete and correct copies of an executed commitment letter and corresponding customarily redacted fee letter (none of which redacted terms would reasonably be expected to adversely affect the amount or availability of the Debt Financing or affect the conditions thereto) from the financial institutions identified therein (the "Debt Financing Commitments," as each may be amended or replaced from time to time to the extent permitted by Section 6.8(a)) to provide, subject to the terms and conditions therein, debt financing in the amounts set forth therein for the purpose of funding the transactions contemplated by this Agreement (being collectively referred to as the "Debt Financing"). Each of the Debt Financing Commitments is a legal, valid and binding obligation of Parent, and to the knowledge of Parent, the other parties thereto, enforceable in accordance with its terms. As of the date hereof, each of the Debt Financing Commitments is in full force and effect, and none of the Debt Financing Commitments has been withdrawn, rescinded or terminated or otherwise amended or modified in any respect, and no such amendment or modification is contemplated. As of the date hereof, Parent is not in breach of any

of the terms or conditions set forth in any of the Debt Financing Commitments, and as of the date hereof no event has occurred which, with or without notice, lapse of time or both, would reasonably be expected to constitute a breach, default or failure to satisfy any condition precedent set forth therein. As of the date hereof, Parent has no reason to believe that any of the conditions in the Debt Financing Commitments will fail to be satisfied, which failure would reasonably be expected to adversely affect the availability of the Debt Financing, or that the Debt Financing will not be made available on a timely basis in order to consummate the transactions contemplated by this Agreement. As of the date hereof, no counterparty to any Debt Financing Commitment has notified Parent of its intention to terminate any of the Debt Financing Commitments or not to provide the Debt Financing. Assuming the funding in full of the Debt Financing, the net proceeds from the Debt Financing will be sufficient, together with any available cash-on-hand of Parent, to consummate the transactions contemplated by this Agreement, including the payment of any fees and expenses of or payable by Parent, or the Company, and any related repayment or refinancing of any Indebtedness of the Company, and any other amounts required to be paid in connection with the consummation of the transactions contemplated by this Agreement. Parent has paid in full any and all commitment or other fees required by the Debt Financing Commitments that are due as of the date hereof, and will pay, after the date hereof, all such fees as they become due. There are no conditions precedent or contingencies to the obligations of the parties under the Debt Financing Commitments (including pursuant to any "flex" provisions in the related fee letter or otherwise) to make the full amount of the Debt Financing available to Parent on the terms therein except as expressly set forth in the Debt Financing Commitments or as would not reasonably be expected to adversely affect the availability of the Debt Financing. There are no side letters or other agreements, contracts or arrangements to which Parent or any of its respective Affiliates is a party related to the funding or investing, as applicable, of the full amount of the Debt Financing that could adversely affect the availability of the Debt Financing other than as expressly set forth in the Debt Financing Commitments. No person has any right to impose, and none of the Financing Sources or Parent has any obligation to accept, any condition precedent to such funding other than any of the conditions expressly set forth in the Debt Financing Commitments nor any reduction to the aggregate amount available under the Debt Financing Commitments on the Closing Date (nor any term or condition which would have the effect of reducing the aggregate amount available under the Debt Financing Commitments on the Closing Date). Subject to the Company's compliance with this Agreement, the accuracy of the representations and warranties of the Company set forth herein, and the satisfaction (or waiver) of the conditions set forth in Section 7.1 and Section 7.2 (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions), Parent has no reason to believe that it will be unable to satisfy on a timely basis any conditions to the funding of the full amount of the Debt Financing, or that the Debt Financing will not be available on the Closing Date. For the avoidance of doubt, it is not a condition to Closing under this Agreement for Parent to obtain the Debt Financing or any alternative financing.

**Section 5.7 Merger Sub Activities.** Merger Sub was organized solely for the purpose of entering into this Agreement and consummating the transactions contemplated hereby and has not engaged in any activities or business, and has incurred no liabilities or obligations whatsoever, in each case, other than those incident to its organization and the execution of this Agreement and the consummation of the transactions contemplated hereby.

**Section 5.8 Solvency.** Assuming the representations and warranties of the Company contained in this Agreement are true in all material respects, at and immediately after the Effective Time, and after giving effect to the Merger and the other transactions contemplated hereby, none of Parent, the Surviving Corporation or the Group Companies will (a) be insolvent (either because its financial condition is such that the sum of its debts is greater than the fair value of its assets or because the fair salable value of its assets is less than the amount required to pay its probable liability on its existing debts as they mature), (b) have unreasonably small capital with which to engage in its business or (c) have incurred debts (and does not immediately plan to incur debt) beyond its ability to pay as they become due.

**Section 5.9 Acknowledgment and Representations by Parent and Merger Sub.** Each of Parent and Merger Sub has conducted its own independent review and analysis of, and, based thereon, has formed an independent judgment concerning, the business, assets, condition, operations and prospects of the Group Companies. In entering into this Agreement, each of Parent and Merger Sub has relied solely upon its own investigation and analysis and the representations and warranties of the Company expressly contained in Article 4, and each of Parent and Merger Sub acknowledges that, other than as set forth in this Agreement, the Ancillary Agreements and in the certificates or other instruments delivered pursuant hereto, none of the Sellers, the Group Companies or any of their respective directors,

officers, employees, Affiliates, stockholders, agents or representatives makes or has made any representation or warranty, either express or implied.

## ARTICLE 6 COVENANTS

**Section 6.1 Conduct of Business of the Company.** Except as contemplated by this Agreement, from and after the date hereof until the earlier of the Effective Time or the termination of this Agreement in accordance with its terms, the Company shall, and shall cause each other Group Company to, except as set forth on Schedule 6.1 or as consented to in writing by Parent (which consent shall not be unreasonably withheld, conditioned or delayed), (a) conduct its business in the ordinary and regular course in substantially the same manner heretofore conducted (including any conduct that is reasonably related, complementary or incidental thereto) and within the Group Companies' 2015 capital expenditure budget (or the Group Companies' 2016 capital expenditure budget, which budget shall target the spending levels used in the Group Companies' 2015 capital expenditure budget) in all material respects and (b) use commercially reasonable efforts (1) to preserve substantially intact its business operations, organization and goodwill and (2) to preserve the present commercial relationships with its current officers, key employees, customers, suppliers and others having material commercial relationships with the Group Companies. From and after the date hereof until the earlier of the Effective Time or the termination of this Agreement in accordance with its terms, the Company shall, and shall cause each other Group Company to, except as set forth on Schedule 6.1 or as consented to in writing by Parent (which consent shall not be unreasonably withheld, conditioned or delayed), not do any of the following:

(i) declare, set aside or pay a dividend on, or make any other distribution in respect of, its capital stock or other equity interests, except dividends and distributions by any of the Subsidiaries of the Company to any of the other Group Companies;

(ii) reclassify, combine, split, subdivide or redeem, purchase or otherwise acquire, directly or indirectly, capital stock or other equity interests or securities of the Company;

(iii) (A) acquire or agree to acquire in any manner (whether by merger or consolidation, the purchase of any equity interest in or a material portion of the assets of or otherwise) any business or any corporation, partnership, association or other business organization or division thereof of any other Person, other than the acquisition of assets in accordance with the Group Companies' 2015 capital expenditure budget made available to Parent prior to the date hereof (or the Group Companies' 2016 capital expenditure budget made available to Parent prior to January 1, 2016, which budget shall target the spending levels used in the Group Companies' 2015 capital expenditure budget) or (B) make or agree to make any loans or advances to any Person other than travel advances and other de minimis loans and advances in the ordinary course of business;

(iv) other than pursuant than the Group Companies' 2015 capital expenditure budget made available to Parent prior to the date hereof (or the Group Companies' 2016 capital expenditure budget made available to Parent prior to January 1, 2016, which budget shall target the spending levels used in the Group Companies' 2015 capital expenditure budget), (x) enter into any Contract that if entered into prior to the date hereof would be a Material Contract or (z) adversely amend, modify, renew or terminate any Material Contract, except for immaterial changes entered into in the ordinary course of business;

(v) enter into any Customer Contract (x) except in the ordinary course of business, and (y) unless such Customer Contract (A) provides for fees to any Group Company in an amount not reasonably expected to exceed \$50,000 in monthly recurring revenue (excluding annual escalators), and (B) does not (1) provide any material concession or credit to a Person or impose material obligations upon any of the Group Companies without receiving any commercially reasonable benefit from the other party thereunder, (2) require any Group Company to provide a level of power to any Person such Group Company could not reasonably provide or (3) prohibit any of the Group Companies from assigning all or any portion of its rights and obligations under such Customer Contract or Owned Real Property Sub Lease to an entity controlled by or under common control with the Company;

(vi) modify, amend, renew, or extend any Customer Contract (x) except in the ordinary course of business and (y) unless such modification, amendment, renewal or extension would not constitute a Prohibited Service Order;

(vii) terminate any (x) Customer Contract with a Material Customer or (y) Customer Contract with a Customer that is not a Material Customer except (1) in the ordinary course of business, (2) as a result of the non-payment of rent and other monetary obligations by such Customer or tenant under an Owned Real Property Lease or (3) where the aggregate revenues during any consecutive 12 month period prior to the date of termination did not exceed \$100,000;

(viii) enter into any Contract to sell or transfer (other than pursuant to an Owned Real Property Sub Lease or Customer Contract entered into in the ordinary course and in accordance with the terms of this Agreement) the Real Property or to purchase or acquire any real property, in each case, except in accordance with the Group Companies' 2015 capital expenditure budget made available to Parent prior to the date hereof (or the Group Companies' 2016 capital expenditure budget made available to Parent prior to January 1, 2016, which budget shall target the spending levels used in the Group Companies' 2015 capital expenditure budget);

(ix) enter into any new lease of real property (including the lease described on Schedule 6.1), where any of the Group Companies is the tenant thereunder, or amend, modify, renew, extend, surrender or terminate any Material Real Property Lease (except for (1) non-material amendments in the ordinary course of business or (2) any renewal or extension rights exercised in accordance with the existing terms of a Material Real Property Lease) or enter into any lease expansion pursuant to which any of the Group Companies become tenants;

(x) enter into any new lease of real property, where any of the Group Companies is the landlord thereunder, or amend, modify, renew, extend, surrender or terminate any Owned Real Property Sub Lease (except for (1) non-material amendments in the ordinary course of business or (2) any renewal or extension rights exercised in accordance with the existing terms of an Owned Real Property Sub Lease) or enter into any lease expansion pursuant to which any of the Group Companies become landlords;

(xi) (A) make application to any Governmental Entity for any Real Property Approvals or any change in the zoning, affecting the Real Property; or (B) settle any insurance claims in excess of \$500,000 or agree to any material condemnation or payment of material condemnation proceeds;

(xii) renew or enter into any material non-compete, exclusivity, non-solicitation or other agreement that restricts or limits, in any material respect, the operations of the Company or any of its Subsidiaries (or Parent or any of its Affiliates) after consummation of the Merger;

(xiii) (A) increase in any material respect the amount, rate or terms of compensation or benefits of, or grant any awards under any equity-based, bonus or incentive plans, agreements or arrangements to, any of its directors, officers or employees, other than as required by law or any Employee Benefit Plan in effect as of the date hereof and other than in connection with promotions of employees or the hiring of any new non-executive employees, in each case in the ordinary course of business and consistent with past practice; (B) accelerate the vesting or payment of any compensation or benefits under any Employee Benefit Plan; or (C) pay or agree to pay any compensation or benefit not contemplated by any Employee Benefit Plan to any of its current or former directors, officers, employees or consultants (except to the extent such payments are treated as Seller Expenses);

(xiv) (A) amend, terminate, adopt or enter into any Employee Benefit Plan (except as required by law); or (B) take any action to fund or in any other way secure the payment of compensation or benefits under any Employee Benefit Plan;

(xv) enter into any waiver, release, assignment, compromise or settlement of any pending or threatened Action that would require payments by the Group Companies, in each case, in excess of \$250,000 individually or \$1,000,000 in the aggregate;

(xvi) make any change in accounting policies or procedures, except as required by GAAP or by applicable Law;

(xvii) incur, create, assume or otherwise become liable for any Indebtedness (including the issuance of any debt security or options, warrants or other rights to acquire debt securities) in excess of \$300,000 in the aggregate (with respect to the Group Companies, taken as a whole), except borrowings incurred in the ordinary course of business under the Credit Arrangements;

(xviii) issue or sell or authorize the issuance or sale of any shares of capital stock or other equity interests or securities convertible, exchangeable or exercisable for any shares of such capital stock or other equity interests or such convertible or exchangeable securities (other than the issuance of Common Stock upon the exercise of the Company Warrant or Company Options outstanding as of the date hereof);

(xix) adopt any amendments to or otherwise change their respective Governing Documents or form or organize any subsidiary;

(xx) enter into any commitment for or make any capital expenditure (other than in accordance with the Group Companies' 2015 capital expenditure budget made available to Parent prior to the date hereof (or the Group Companies' 2016 capital expenditure budget made available to Parent prior to January 1, 2016, which budget shall target the spending levels used in the Group Companies' 2015 capital expenditure budget)) in excess of \$1,000,000 in the aggregate (except as otherwise permitted by this [Section 6.1](#));

(xxi) sell, lease, license, abandon, permit to lapse, place in the public domain, pledge, assign, transfer, encumber, effect a deed in lieu of foreclosure or otherwise dispose of any property or assets in excess of \$200,000 in the aggregate (except sales of personal property in the ordinary course of business not in excess of \$200,000 in the aggregate), other than non-exclusive licenses of Intellectual Property Rights entered in the ordinary course of business consistent with past practice and the abandonment, lapse or dedication to the public domain of any Intellectual Property Rights that are no longer used in the conduct of the business of any Group Company and no longer commercially practicable to maintain;

(xxii) acquire or agree to acquire (including by merger, consolidation or acquisition of stock or assets) any real property or personal property (other than personal property at a total cost of less than \$200,000 in the aggregate (except for capital expenditures otherwise permitted by this [Section 6.1](#)));

(xxiii) initiate any material zoning reclassification or any other material change to any approved site plan, special use permit, planned development approval or other land use entitlement affecting any Owned Real Property or Leased Real Property;

(xxiv) adopt a plan or complete or partial liquidation, consolidation, merger or reorganization or authorize or undertake a dissolution, consolidation, merger, restructuring, recapitalization, reclassification or other reorganization;

(xxv) make or change any material Tax election; settle or compromise any claim, notice, audit report or assessment in respect of material Taxes; change any annual Tax accounting period; adopt or change any method of Tax accounting; file any amended Tax Return; enter into any Tax allocation agreement, Tax sharing agreement, Tax indemnity agreement or closing agreement relating to any material Tax; surrender any right to claim a material Tax refund; or consent to any extension or waiver of the statute of limitations period applicable to any material Tax claim or assessment;

(xxvi) enter into any Customer Contract or Owned Real Property Sub Lease providing for upfront payment of installation or signing fees in excess of \$50,000; or

(xxvii) agree in writing or otherwise make any commitment to do any of the actions described in the foregoing clauses (i) through (xxvi).

Notwithstanding anything to the contrary contained herein, during the period from the date hereof until the Effective Time, the Group Companies shall be permitted to utilize any and all available Cash and Cash Equivalents (i) to pay Seller Expenses and (ii) to repay outstanding Indebtedness and any amounts owing under the Management Services Agreement, in each case, at such times and in such amounts as the Company or the applicable Subsidiary shall deem necessary, appropriate, or desirable. Notwithstanding anything to the contrary in this Agreement, prior to Closing neither Parent nor any of its Affiliates will manage or attempt to manage the conduct of business in the ordinary course by Company or any of the other Group Companies.

### **Section 6.2 Tax Matters.**

(a) **Transfer Taxes.** All transfer taxes, recording fees and other similar Taxes that are imposed on any of the Parties by any Governmental Entity in connection with the transactions contemplated by the Agreement (“Transfer Taxes”) shall be borne by Parent. The Party required by law to file a Tax Return with respect to such Transfer Taxes shall timely prepare, with the other Party’s cooperation, and file such Tax Return. Parent and the Sellers agree to timely sign and deliver (or to cause to be timely signed and delivered) such certificates or forms as may be necessary or appropriate and otherwise to cooperate to establish any available exemption from (or otherwise reduce) such Transfer Taxes.

(b) **Tax Certificates.** At or prior to the Closing (i) the Company shall deliver to Parent an affidavit certifying that interests in the Company are not “United States real property interests” (within the meaning of Section 897 of the Code), which affidavit shall be dated as of the Closing Date, signed under penalties of perjury and in accordance with the provisions of Treasury Regulations Sections 1.1445-2(c) and 1.897-2(h), together with a notice to the IRS in accordance with the provisions of Treasury Regulations Section 1.897-2(h) and (ii) each Seller that is a United States person and that is identified on Annex I hereto shall deliver to Parent a certificate, signed under penalty of perjury and in form and substance as required under the Treasury Regulations Section 1.1445-2(b), stating that such Seller is not a “foreign person” as defined in Section 1445 of the Code (a “Non-Foreign Certificate”). The Representative and the Company shall cause to be included in the Letter of Transmittal delivered to each Stockholder pursuant to Section 3.2 a form of Non-Foreign Certificate and a request that each such Stockholder that is not a foreign person as defined in Section 1445 properly complete, duly execute and timely provide to Parent a Non-Foreign Certificate.

(c) **Filing of Tax Returns.** The Company (i) shall prepare and timely file, or cause to be prepared and timely filed, all Tax Returns that are required to be filed (taking into account any extension) by a Group Company on or before the Closing Date and that have not been filed as of the date hereof, (ii) shall use reasonable best efforts to prepare all United States federal, state and local Tax Returns of any Group Company for the taxable year 2014 in a manner and on a timeframe that would be expected to allow the timely filing of such Tax Returns and (iii) shall pay, or cause to be paid, all Taxes of the Group Companies due on or before the Closing Date. Such Tax Returns shall be prepared in a manner consistent with the past practices of the Group Companies except as required by applicable Law or as agreed to by Parent. At least ten (10) days prior to the filing by a Group Company of any U.S. federal or state income or other material Tax Return pursuant to clause (i) of the preceding sentence, the Company shall use submit (or cause to be submitted) a draft of such Tax Return to Parent for Parent’s review and comment. The Representative shall consider in good faith any reasonable comments that Parent submits to the Representative in writing at least five (5) days prior to the filing date of such Tax Return.

### **Section 6.3 Access to Information; Inspection.**

(a) From and after the date hereof until the earlier of the Closing Date or the termination of this Agreement in accordance with its terms, upon reasonable notice, and subject to restrictions contained in the confidentiality agreements to which the Group Companies are subject, the Company shall provide, and shall cause the Group Companies to provide, to Parent and Merger Sub and their authorized representatives, advisors and agents during normal business hours reasonable access to the Real Property, facilities, books and records, personnel, contracts and all other documents, data and information concerning the business and operations of the Group Companies as Parent may reasonably request, including access to conduct Phase I (but not Phase II without the prior written consent of the Company) environmental assessments (in a manner so as to not interfere with the normal business operations of any Group Company); provided that such access shall not include the right to conduct any invasive sampling, testing or

analysis of any environmental media or building materials, including soil, groundwater, surface water, sediment, air or wastewater, in each case, without the prior written consent of the Company. Notwithstanding anything to the contrary in this Agreement, none of the Group Companies shall be required to provide such access or disclose any information to Parent, Merger Sub or their respective authorized representatives, if doing so would (i) result in a waiver of attorney-client privilege, work product doctrine or similar privilege or (ii) violate any contract or law, rule or regulation to which any Group Company is a party or to which any Group Company is subject, in each case, so long as the Company shall have used its commercially reasonable efforts to obtain the consent of any Person necessary to permit such disclosure or to make appropriate alternate disclosure arrangements.

(b) Parent shall have the right, but not the obligation, at Parent's sole cost, to cause an ALTA Survey of the Owned Real Property to be performed by one or more licensed surveyors as soon as possible. For the avoidance of doubt, neither the receipt of any ALTA Surveys nor Parent's satisfaction with any of the foregoing that are received shall be a condition to Closing.

(c) Parent shall have the right, but not the obligation, at Parent's sole cost, to attempt to cause a national title company designated by Parent (a "Title Company") to deliver as of the Closing, (1) (A) an ALTA Form B (revised 2006) extended coverage owner's title insurance policy issued by a Title Company, dated the Closing Date, showing no exceptions to title other than Permitted Liens, in the face amount designated by Parent and showing one of the Group Companies to be the holder of the fee interest in such Owned Real Property, together with such endorsements as Parent shall require, all in form and substance satisfactory to Parent in its sole discretion, or (B) such endorsements to the Existing Owned Property Title Policies as Parent shall require, including an endorsement bringing such Existing Owned Property Title Policies forward to the date of the Closing and showing no exceptions to title other than Permitted Liens, an endorsement increasing the amount of coverage under such title policy to such amount as Parent shall reasonably require, and a non-imputation endorsement, and (2) with respect to any Leased Real Property, an ALTA Form B (revised 2006) extended coverage leasehold title insurance policy issued by a Title Company, dated the Closing Date, showing no exceptions to title other than Permitted Liens, in the face amount designated by Parent and showing one of the Group Companies to be the holder of the leasehold interest in such Leased Real Property, together with such endorsements as Parent shall require, all in form and substance satisfactory to Parent in its sole discretion (the documents described in (1) and (2) collectively, the "Updated Title Policies"). The Group Companies shall use commercially reasonable efforts to deliver to the Title Companies such statements, releases, undertakings, affidavits, instruments and indemnities as the Title Companies shall reasonably require to issue the Updated Title Policies provided that such documents can be delivered without material cost or contingent liability to the Company or its Subsidiaries except that the Group Companies shall deliver to the Title Company executed Owner's Affidavits (the "Owner's Affidavits") with respect to the Owned Real Property. Copies of the Owner's Affidavits to be executed are attached hereto as Exhibit G. For the avoidance of doubt, the receipt of any Updated Title Policies shall not be a condition to Closing.

(d) Promptly after the execution of this Agreement, the Company shall request, and use its reasonable good faith efforts to obtain (i) a Landlord Estoppel, from each of the Landlords under each Material Real Property Lease, (ii) an Owned Real Property Tenant Estoppel from any Owned Real Property Tenants designated by the Parent, (iii) the Development Estoppel from the City of Clifton, and (iv) the REA Estoppel from 2 Peekay Associates, LLC, a New Jersey limited liability company (or its successor), provided, that, except as set forth in Section 7.2(d), neither the receipt of any Landlord Estoppels, Owned Real Property Tenant Estoppel, Development Estoppel or REA Estoppel nor Parent's satisfaction with any of the foregoing that are received shall be a condition to Closing.

(e) The Company shall use its reasonable best efforts to obtain the Required Consent in accordance with the requirements of the applicable Real Property Leases. In addition, the Company shall provide written notice to each Person entitled to notice of the Merger under any Contract described in the Schedules, including the Landlords (other than any Landlord that is a subsidiary of Parent) entitled to notice of the deemed assignment contemplated by the Merger (provided that any such notice described in this Section 6.3(e) may be provided on the Closing Date unless required to be provided on an earlier date pursuant to the terms of the applicable Contract, and, in all such instances, the Company shall provide the notice no later than the date required by the applicable Contract). In the event a Person is entitled to consent to the Merger under any Contract described in the Schedules, notice and a request for consent shall be made by the Company promptly following the entry into this Agreement.

**Section 6.4 Confidentiality Agreement.** Parent and Merger Sub acknowledge and agree that the Confidentiality Agreement remains in full force and effect and, in addition, covenant and agree to keep confidential, in accordance with the provisions of the Confidentiality Agreement, information provided to Parent and Merger Sub pursuant to this Agreement. If this Agreement is, for any reason, terminated prior to the Closing, the Confidentiality Agreement and the provisions of this Section 6.4 shall nonetheless continue in full force and effect.

**Section 6.5 Efforts to Consummate.**

(a) Subject to the terms and conditions herein provided, each of Parent, Merger Sub and the Company shall use reasonable best efforts to take, or cause to be taken, all action and to do, or cause to be done, all things reasonably necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement (including the satisfaction, but not waiver, of the closing conditions set forth in Article 7). Each of Parent, Merger Sub and the Company shall use reasonable best efforts to (i) secure any consents, waivers and approvals of any third party (other than a Governmental Entity) required to be obtained to consummate the transactions contemplated by this Agreement; provided, however, that, except as provided in the Side Letter, notwithstanding anything to the contrary in this Agreement, such action shall not include any requirement of any party hereto or any of such parties' Affiliates to pay money to any such third party, commence or participate in any litigation, offer or grant any accommodation or undertake any obligation or liability (in each case financial or otherwise) to any such third party (subject to the parties obligations in Section 6.5(d)), and (ii) obtain consents of all Governmental Entities necessary to, in each case, consummate the transactions contemplated by this Agreement. Each party hereto shall make an appropriate filing, if required, pursuant to the HSR Act and with any applicable foreign Governmental Entity for which a competition filing is required, in each case, with respect to the transactions contemplated by this Agreement promptly after the date of this Agreement and shall supply as promptly as practicable to the appropriate Governmental Entities any additional information and documentary material that may be requested pursuant to the HSR Act or applicable law governing a foreign competition filing. Without limiting the foregoing, (i) Parent and its Affiliates shall not extend any waiting period or comparable period under the HSR Act or applicable law governing a foreign competition filing or enter into any agreement with any Governmental Entity not to consummate the transactions contemplated hereby, except with the prior written consent of the other Parties hereto, and (ii) Parent and Merger Sub agree to take all actions that are required by any Governmental Entity to expeditiously consummate the transactions contemplated by this Agreement, including (A) selling, licensing or otherwise disposing of, or holding separate and agreeing to sell, license or otherwise dispose of, any entities, assets or facilities of any Group Company after the Closing or any entity, facility or asset of Parent or its Affiliates, (B) terminating, amending or assigning existing relationships and contractual rights and obligations (other than terminations that would result in a breach of a contractual obligation to a third party) of any Group Company after the Closing or Parent or any of its Affiliates, and (C) amending, assigning or terminating existing licenses or other agreements (other than terminations that would result in a breach of a license or such other agreement with a third party) and entering into such new licenses or other agreements, in each case of any Group Company after the Closing or Parent or any of its Affiliates. All HSR Act and applicable foreign competition filing fees shall be borne by Parent.

(b) Further, each of the Parties shall cooperate in all respects with each other in connection with any filing or submission and in connection with any investigation or other inquiry and shall promptly (i) furnish to the other such necessary information and reasonable assistance as the other Parties may request in connection with the foregoing, (ii) inform the other of any communication from any Governmental Entity regarding any of the transactions contemplated hereby, and (iii) provide counsel for the other Parties with copies of all filings made by such Party, and all correspondence between such Party (and its advisors) with any Governmental Entity and any other information supplied by such Party and such Party's Affiliates to a Governmental Entity or received from such a Governmental Entity in connection with the transactions contemplated hereby; provided, however, that materials may be redacted as necessary to comply with contractual arrangements and with applicable law. Each Party shall, subject to applicable law, permit counsel for the other Parties to review in advance, and consider in good faith the views of the other Parties in connection with, any proposed written communication to any Governmental Entity in connection with the transactions contemplated hereby. The Parties agree not to participate, or to permit their Affiliates to participate, in any substantive meeting or discussion, either in person or by telephone, with any Governmental Entity in connection with the transactions contemplated hereby unless it consults with the other Parties in advance and gives the other Parties the opportunity to attend and participate. Notwithstanding the foregoing or any other provision of this Agreement, Parent shall have

ultimate decision-making authority with regard to any discussions, submissions, negotiations and other communications with all Governmental Entities in connection with any Action involving antitrust or competition issues in connection with the transactions contemplated by this Agreement. To the extent practicable Parent shall provide the Company with the opportunity to provide its point of view on such matters and shall consider that point of view in good faith in exercising its decision-making authority under this provision.

(c) Further, and without limiting the generality of the rest of this Section 6.5, in the event that a Governmental Entity issues a request for additional information or documentary material pursuant to the HSR Act (the “Second Request”) in connection with the transactions contemplated by this Agreement, then each of Parent, Merger Sub and the Company shall make (or cause to be made), as soon as reasonably practicable and after consultation with the other, an appropriate response in compliance with the Second Request in order to obtain expiration or termination of the applicable waiting period before the Termination Date.

(d) In the event any claim, action, suit, investigation or other proceeding by any Governmental Entity or other Person is commenced which questions the validity or legality of the transactions contemplated hereby or seeks damages in connection therewith, the Parties hereto agree to cooperate and use reasonable best efforts to defend against such claim, action, suit, investigation or other proceeding and, if an injunction or other order is issued in any such action, suit or other proceeding, to use reasonable best efforts to have such injunction or other order lifted, and to cooperate reasonably regarding any other impediment to the consummation of the transactions contemplated hereby.

#### **Section 6.6 Indemnification; Directors’ and Officers’ Insurance.**

(a) The Surviving Corporation shall honor and fulfill the rights to indemnification or exculpation now existing in favor of the directors, officers, employees or agents of any Group Company (collectively, the “Indemnitees”), as provided in such Group Company’s Governing Documents or under any indemnification or similar agreement in effect as of the date hereof and set forth in Schedule 6.6 (the “Indemnification Agreements”) with respect to any matters arising out of or relating to actions or omissions in their capacity as directors, officers, employees or agents of any Group Company occurring prior to the Closing Date. To the maximum extent permitted by applicable Law, such indemnification shall be mandatory rather than permissive, and the Surviving Corporation shall advance expenses in connection with such indemnification as provided in such Group Company’s Governing Documents or the Indemnification Agreements. For a period of six (6) years after the Effective Time, the indemnification and liability limitation or exculpation provisions of the Group Companies’ Governing Documents shall not be amended, repealed or otherwise modified after the Closing Date in any manner that would adversely affect the rights thereunder of Indemnitees for periods prior to the Closing Date, unless such modification is required by applicable Law. The Indemnification Agreements with Indemnitees that survive the Merger shall continue in full force and effect in accordance with their terms. The Company shall not enter into any new any indemnification or similar agreement, or amend in any way the existing Indemnification Agreements, after the date hereof.

(b) Each of Parent and Merger Sub hereby acknowledges that certain Indemnitees may have rights to indemnification, advancement of expenses and/or insurance provided by Persons (other than the Company and its Subsidiaries) (collectively, the “Indemnitors”). Parent hereby agrees (i) that the applicable Group Company is the indemnitor of first resort (i.e., their obligations to the Indemnitees are primary and any obligation of the Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by any Indemnitee are secondary), (ii) the applicable Group Company shall be required to advance the full amount of expenses incurred by any Indemnitee and shall be liable for the full amount of all expenses, judgments, penalties, fines and amounts paid in settlement of an Indemnitee to the extent legally permitted and required by the terms of this Agreement or the Governing Documents of any Group Company (or any Indemnification Agreement between the Company or any of its Subsidiaries and any such Indemnitee) without regard to any rights the Indemnitee may have against the Indemnitors upon receipt of an undertaking by or on behalf of such Indemnitee to repay such amount if it shall ultimately be determined that such Indemnitee is not entitled to be indemnified and (iii) the Group Companies irrevocably waive, relinquish and release the Indemnitors from any and all claims against the Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. Parent and the Indemnitees agree that the Indemnitors are express third party beneficiaries of the terms of this Section 6.6(b).

(c) The Surviving Corporation or its Subsidiaries will maintain in effect beginning on the Closing and for a period of six years thereafter without any lapses in coverage, in each case at Parent's expense, a directors' and officers' "tail" or "runoff" insurance program purchased by the Company prior to the Effective Date that is either available to be purchased under the existing directors' and officers' liability insurance plan of the Company or that otherwise has an aggregate coverage limit over the term of such policy in an amount not to exceed the annual aggregate coverage limit under the Company's existing directors' and officers' liability policy, in each case, covering the Company's and its Subsidiaries' directors and officers for wrongful acts and/or omissions committed or allegedly committed prior to the Effective Time for an aggregate cost not to exceed 300% of the annual premiums paid as of the date hereof by the Company for such existing directors' and officers' liability insurance plan.

(d) The Indemnitees entitled to the indemnification, liability limitation, exculpation and insurance set forth in this Section 6.6 are intended to be third party beneficiaries of this Section 6.6. This Section 6.6 shall survive the consummation of the Merger and shall be binding on all successors and assigns of Parent and the Surviving Corporation.

**Section 6.7 Exclusive Dealing.** During the period from the date of this Agreement through the earlier of the Effective Time or the termination of this Agreement in accordance with its terms, the Company shall not, and shall cause its Subsidiaries and Affiliates and the respective officers, directors, employees, representatives, consultants, advisors, attorneys, accountants or agents (collectively, the "Group Company Representatives") of the Company and its Subsidiaries and Affiliates not to, directly or indirectly, solicit, encourage, initiate or engage in discussions or negotiations with, or provide any information to or enter into any agreement with any Person (other than Parent, Merger Sub and/or their respective Affiliates) concerning any merger, consolidation, business combination, purchase or disposition of any of the Group Companies' capital stock or equity securities or assets, other than the exercise of outstanding Company Options and other than assets sold in the ordinary course of business (each such transaction, an "Acquisition Transaction"). The Company shall and shall cause its Subsidiaries and Affiliates and the Group Company Representatives to immediately cease and cause to be terminated any existing discussions and negotiations with any Person (other than Parent, Merger Sub and/or their respective Affiliates) conducted with respect to any Acquisition Transaction and not terminate, waive, amend, release or modify any provision of any confidentiality or standstill agreement to which the Company or any other Group Company is party.

**Section 6.8 Financing.**

(a) Parent shall, and shall cause each of its Affiliates to, use its reasonable best efforts to obtain the Debt Financing on a timely basis on the terms and conditions described in the Debt Financing Commitments, including using its reasonable best efforts to (i) comply with its obligations under the applicable Debt Financing Commitments and any definitive agreements related thereto (the "Debt Financing Documents"), (ii) maintain in effect the applicable Debt Financing Documents, (iii) negotiate and enter into definitive agreements with respect to the applicable Debt Financing Documents on a timely basis on terms and conditions (including the "market flex" provisions) contained therein or otherwise not materially less favorable to Parent in the aggregate than those contained in the applicable Debt Financing Documents, (iv) satisfy on a timely basis all conditions applicable to Parent contained in the applicable Debt Financing Documents within their control, including the payment of any commitment, engagement or placement fees required as a condition to the Debt Financing and (v) consummate the applicable Debt Financing at or prior to the Closing Date (it being understood that it is not a condition to Closing under this Agreement for Parent to obtain the Debt Financing or any Alternative Debt Financing). Parent shall keep the Representative and the Company informed on a reasonable basis and in reasonable detail of the status of its efforts to arrange the Debt Financing. Parent shall give the Representative and the Company prompt notice upon having knowledge of any breach by any party of any of the Debt Financing Documents or any termination of any of the Debt Financing Documents, in each case that would reasonably be expected to adversely affect the availability of the Debt Financing. Other than as set forth in Section 6.8(b), Parent shall not, without the prior written consent of the Company amend, modify, supplement or waive any of the conditions or contingencies to funding contained in the Debt Financing Documents or any other provision of, or remedies under, the Debt Financing Documents, in each case to the extent such amendment, modification, supplement or waiver would reasonably be expected to have the effect of (A) adversely affecting in any material respect the ability of Parent to timely consummate the transactions contemplated by this Agreement, (B) amending, modifying,

supplementing or waiving the conditions or contingencies to the Debt Financing in a manner materially adverse to the Company or the Sellers or (C) materially delaying the Closing.

(b) If all or any portion of the Debt Financing becomes unavailable, Parent shall use its reasonable best efforts to (i) arrange to promptly obtain the Debt Financing or such unavailable portion of the Debt Financing from alternative sources, which may include one or more of a senior secured debt financing, an offering and sale of notes, or any other financing or offer and sale of other debt securities, or any combination thereof, in an amount sufficient, when added to any portion of the Debt Financing that is available, to pay in cash all amounts required to be paid by Parent in connection with the transactions contemplated by this Agreement (“Alternative Debt Financing”) and (ii) obtain a new financing commitment letter (the “Alternative Debt Commitment Letter”) and a new definitive agreement with respect thereto that provides for financing (A) on terms not materially less favorable, in the aggregate, to Parent, (B) containing conditions to draw and other terms that would reasonably be expected to affect the availability thereof that (1) are not more onerous, taken as a whole, than those conditions and terms contained in the Debt Financing Commitments as of the date hereof and (2) would not reasonably be expected to delay the Closing and (C) in an amount that is sufficient, when added to any portion of the Debt Financing that is available, to pay in cash all amounts required to be paid by Parent in connection with the transactions contemplated by this Agreement. In such event, the term “Debt Financing” as used in this Agreement shall be deemed to include any Alternative Debt Financing and the term “Debt Financing Commitments” as used in this Agreement shall be deemed to include any Alternative Debt Commitment Letter.

(c) The Company acknowledges that Parent intends to pursue the Anticipated Financing, and prior to the Closing, the Company shall, and shall cause each of its Subsidiaries and each of the Group Companies’ directors, officers, employees, consultants, advisors, accountants, agents and representatives to, use its reasonable best efforts to provide such assistance as is reasonably requested by Parent and that is customary in connection with Parent’s efforts to arrange the Anticipated Financing (provided, however, that such requested assistance does not unreasonably interfere with the ongoing operations of the Company), including using reasonable best efforts to: (i) participate in and assist with activities undertaken (or proposed to be undertaken) in connection with the syndication, placement, offering or other marketing of the Financing (including using reasonable best efforts to cause (A) the participation by senior management in meetings, diligence or drafting sessions, rating agency presentations, road shows or meetings with prospective lenders and investors with respect to the Financing and (B) the delivery of customary authorization letters, confirmations, and undertakings in connection with the Marketing Material (including with respect to the presence or absence of material non-public information and accuracy of the information contained therein)); (ii) timely furnish Parent and the Financing Sources with the Financing Information and the Financing Deliverables; (iii) assist Parent and/or the Financing Sources in the preparation of (A) customary bank books, information or offering memoranda, prospectuses and other information packages and roadshow materials with respect to the Financing; and (B) marketing materials contemplated by the Debt Financing Commitments, for rating agency presentations or as otherwise reasonably requested by Parent or the Financing Sources in connection with the syndication or other marketing of the Financing (collectively the materials described in the foregoing clauses (A) and (B), the “Marketing Material”); (iv) (A) obtain customary accountant’s comfort letters and consents from the Company’s independent auditors and participation by the Company’s independent auditors in due diligence sessions conducted in connection with the provision or such comfort letters and consents and (B) cause its independent auditors to cooperate with the Financing, (v) provide monthly financial statements (within 30 days following the applicable month end) relating to the Company for each month subsequent to the most recent fiscal quarter in respect of which financial statements have been delivered pursuant to clause (a)(ii) of the definition of “Financing Information” to the extent historically prepared by the Company in the ordinary course of business, and (vi) provide such other information and take such other actions relating to the Company and its Subsidiaries as is reasonably requested by Parent or its Financing Sources in connection with any Financing; provided, that none of the Sellers, the Company or any of the Group Companies shall be required to pay any commitment or other similar fee or incur any other liability in connection with the Debt Financing; and provided, further, that the effectiveness of any documentation executed by any Group Company with respect thereto shall be subject to the consummation of the Closing. Any information provided to Parent or any other Person pursuant to this Section 6.8(c) shall be subject to the Confidentiality Agreement. Parent acknowledges and agrees that none of the Sellers nor any Group Company nor any of their respective Affiliates or any of their respective directors, officers, employees, representatives and advisors (including legal, financial and accounting advisors) shall have any responsibility for, or incur any liability to any person under or in connection with, the arrangement of the Alternative Financing, Debt

Financing or any Alternative Debt Financing that Parent may raise in connection with the transactions contemplated by this Agreement, and that Parent shall indemnify and hold harmless the Representative, the Sellers, the Group Companies and their respective Affiliates and directors, officers, employees, representatives and advisors (including legal, financial and accounting advisors) from and against any and all losses suffered or incurred by them in connection with the arrangement of the Alternative Financing, Debt Financing or any Alternative Debt Financing and any information utilized in connection therewith (other than information provided by the Group Companies expressly for use in connection therewith), and each of such Persons is intended to be a third party beneficiary of this Section 6.8(c). Parent shall, and shall cause its Affiliates to, promptly, upon the request of the Company, reimburse the Company for all out-of-pocket costs or expenses incurred by the Group Companies in connection with cooperation taken by them at the request of Parent pursuant to this Section 6.8(c).

**Section 6.9 Documents and Information.** After the Closing Date, Parent and the Surviving Corporation shall, and shall cause the Surviving Corporation and its Subsidiaries to, until the seventh (7th) anniversary of the Closing Date, retain all books, records and other documents pertaining to the business of the Group Companies in existence on the Closing Date and, except as is necessary to ensure compliance with applicable Law, preserve any applicable privilege or compliance with contractual confidentiality obligations, make the same available for inspection and copying by the Representative (at Representative's expense) during normal business hours of the Surviving Corporation or any of its Subsidiaries, as applicable, upon reasonable request and upon reasonable notice; provided, that any such access or copying shall be had or done in such a manner not to unreasonably interfere with the normal conduct of Parent's or the Surviving Corporation's business. No such books, records or documents shall be destroyed after the seventh (7th) anniversary of the Closing Date by Parent, the Surviving Corporation or any of its Subsidiaries, without first advising the Representative in writing and giving the Representative a reasonable opportunity to obtain possession thereof. Any information obtained by the Sellers pursuant to this Section 6.9 shall be held in confidence by such Sellers.

**Section 6.10 Contact with Customers, Suppliers and Other Business Relations.** During the period from the date of this Agreement until the earlier of the Closing Date or the termination of this Agreement in accordance with its terms, Parent hereby agrees that it is not authorized to and shall not (and shall not permit any of its employees, agents, representatives or Affiliates to) contact any customer, supplier, distributor or other material business relation of any Group Company regarding any Group Company, its business or the transactions contemplated by this Agreement without the prior written consent of the Company (which shall not be unreasonably withheld, conditioned or delayed); provided, that it is hereby understood and agreed that the foregoing restriction shall in no way be construed to restrict the current business operations and activities of Parent or its Affiliates. The Company may designate any employee or group of employees as authorized contact persons through whom Parent and its Affiliates shall direct all communications prior to Closing.

**Section 6.11 Employee Benefits Matters.**

(a) During the period beginning on the Closing Date and ending on December 31 of the calendar year in which the Closing Date occurs, Parent shall provide each employee of each Group Company who continues to be employed by a Group Company with the same salary or hourly wage rate and cash bonus incentive target, in the aggregate, as provided to such employee immediately prior to the Closing Date and with employee benefits (excluding equity arrangements) that are no less favorable in the aggregate to the employee benefits maintained by the Group Companies as of the date of this Agreement. Parent further agrees that, to the extent permitted by applicable Law, from and after the Closing Date, Parent shall, and shall cause each Group Company to, use commercially reasonable efforts to grant all of its employees credit for any service with such Group Company earned prior to the Closing Date (i) for eligibility and vesting purposes and (ii) for purposes of vacation accrual and severance benefit determinations under any broad-based benefit or compensation plan, program or arrangement (but excluding individual agreements) that may be established or maintained by Parent or the Surviving Corporation or any of its Subsidiaries on or after the Closing Date for such Group Company employees or, as applicable, to the same extent that service credit is provided to similarly situated employees of Parent or the Surviving Corporation or any of their Affiliates under the corresponding plan, program or arrangement in which such similarly situated employees participate (the "New Plans"), to the extent that such service was credited under the corresponding Group Company plan or program. From and after the Closing, Parent shall cause the Surviving Corporation or its Subsidiaries, as applicable, to honor the employment, severance or similar agreements between the Company and its Subsidiaries and any officer, director or employee of the Company

or its Subsidiaries which the Company has made available to Parent prior to the date hereof, in accordance with their terms as in effect immediately prior to the Closing, and the parties acknowledge and agree that, as of the Closing, such agreements shall be assumed by operation of Law. In addition, to the extent permitted by applicable Law, Parent shall use commercially reasonable efforts to (A) cause to be waived all pre-existing condition exclusions and actively at work requirements and similar limitations, eligibility waiting periods and evidence of insurability requirements under any New Plans to the extent waived or satisfied by an employee under a corresponding Employee Benefit Plan as of the Closing Date and (B) cause any deductible, co-insurance and covered out-of-pocket expenses paid on or before the Closing Date in the year in which the Closing occurs by any employee (or covered dependent thereof) of any Group Company to be taken into account for purposes of satisfying the corresponding deductible, coinsurance and maximum out of pocket provisions after the Closing Date under any applicable New Plan in the year in which the Closing occurs. Nothing contained herein, express or implied, shall, or shall be construed so as to, to confer upon any employee of any Group Company any right to continued employment for any period or continued receipt of any specific employee benefit, or shall constitute an amendment to or any other modification of any New Plan or Employee Benefit Plan. Parent agrees that Parent and the Surviving Corporation shall be solely responsible for satisfying the continuation coverage requirements of Section 4980B of the Code for all individuals who are “M&A qualified beneficiaries” as such term is defined in Treasury Regulation Section 54.4980B-9.

(b) Parent agrees that it will, and will cause its Affiliates to, maintain and not terminate or amend the 2015 Retention Plan prior to the expiration of its term.

(c) Nothing contained in this Section 6.11 shall or shall be construed so as to (i) subject to the terms of any applicable employment agreement, prevent or restrict in any way the right of the Buyer to terminate reassign, promote or demote any employee, independent contractor, director or other service provider of the Group Company (or to cause any of the foregoing actions) at any time following the Closing, or to change (or cause the change of) the title, powers, duties, responsibilities, functions, locations, salaries, other compensation or terms or conditions of employment or service of any such service providers at any time following the Closing; (ii) create any third party rights in any such current or former service provider of the Group Company (including any beneficiary or dependent thereof); or (iii) subject to compliance with the other provisions of this Section 6.11 obligate Parent or any of its Affiliates to adopt or maintain any particular plan or program or other compensatory or benefits arrangement at any time or prevent Parent or any of its Affiliates from modifying or terminating any such plan, program or other compensatory or benefits arrangement at any time.

**Section 6.12 Notice of Certain Matters.** During the period from the date of this Agreement until the earlier of the Closing Date or the termination of this Agreement in accordance with its terms, each Party shall give prompt written notice to the other Parties of (i) the occurrence, or failure to occur, of any event which occurrence or failure would or would be likely to cause any representation or warranty contained in this Agreement to be untrue or inaccurate and (ii) any failure of such Party to comply with or satisfy any covenant or agreement to be complied with or satisfied by it under this Agreement, which, in each case, would reasonably be expected to result in any conditions set forth in Article 7 not to be satisfied. Notwithstanding the foregoing, no notice under this Section 6.12 shall be deemed to have modified any representation and/or warrant or cured any breach of a covenant for purposes of determining the satisfaction of the conditions set forth in Article 7, a Party’s right to terminate this Agreement pursuant to Article 8 or a Party’s right to indemnification hereunder.

**Section 6.13 280G.** Prior to the Closing, the Company shall, with respect to any payments and/or benefits that could, separately or in the aggregate, without regard to the measures described herein, constitute “parachute payments” within the meaning of Section 280G(b)(2) of the Code and the applicable rulings and final regulations thereunder (“Section 280G Payments”), (a) use reasonable best efforts to obtain and deliver to Parent a Parachute Payment Waiver from each Person who is a “disqualified individual” with respect to any Group Company, and (b) as soon as practicable following the delivery of the Parachute Payment Waivers (if any) to Parent, prepare and distribute to its shareholders a disclosure statement describing all potential parachute payments and benefits that may be received by such disqualified individual(s) and submit such 280G Payments to a vote satisfying the requirements of Section 280G(b)(5) of the Code, such that no portion of the Section 280G Payments will constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code. The Company shall provide Parent with a reasonable opportunity

to review and comment on, prior to submission to the Company's stockholders, all documents prepared by the Company in connection with this Section 6.13.

**Section 6.14 Stockholder Action.** Within two (2) Business Days after the date hereof, the Company shall deliver to Parent the Stockholder Written Consent adopted by the Requisite Sellers. Any materials to be submitted to the Stockholders by the Company in connection with this Agreement or the transactions contemplated hereby shall be subject to Parent's advance review and comment. Promptly following the delivery of the Stockholder Written Consent, the Company shall prepare and deliver to any Stockholder who has not executed the Stockholder Written Consent a notice that complies with Section 228(e) of the DGCL of the adoption and the approval of this Agreement, the Merger and the other transactions contemplated hereby by written consent of the Stockholders, which notice shall also constitute the notice required under applicable Laws that appraisal or similar rights may be available to the Stockholders who did not execute the Stockholder Written Consent, under certain circumstances. Any materials to be submitted to the Stockholders by the Company in connection with this Agreement or the transactions contemplated hereby shall be subject to Parent's advance review and comment.

**Section 6.15 Consideration Allocation Spreadsheet.** No later than two (2) Business Days prior to the Closing, the Company shall deliver to Parent a certificate, in form and substance reasonably satisfactory to Parent, executed by the Company's chief financial officer (the "Consideration Allocation Spreadsheet") setting forth the following:

(a) the Merger Consideration (and the Estimated Price Per Share);

(b) the amount of the Fully Diluted Common Stock; and

(c) the following information relating to each Stockholder, Optionholder and Beneficial Warrant Holder: (i) name, address (as listed in the corporate record books of the Company) and social security numbers or tax identification numbers (if known by the Company); (ii) the number and class or series of shares of Common Stock held by, or subject to the Company Options or the beneficial interest in the Company Warrant held by, such Person and the respective certificate numbers (if applicable); (iii) the Estimated Price Per Share, the Option Payment and/or the portion of the Warrant Consideration payable to such Person, with a separate indication of all components thereof; (iv) the Pro Rata Share of the Working Capital Escrow Amount; (v) with respect to each Optionholder, the number of shares of Common Stock subject to such holder's Company Options and the exercise price per share of such Company Options, and (vi) with respect to each Beneficial Warrant Holder, the number of shares of Common Stock subject to the Company Warrant held beneficially by such holder and the exercise price per share of such beneficial interest.

**Section 6.16 Additional Transactions.** Parent shall have the option, in its sole discretion and without requiring the further consent of the Company, upon reasonable notice to the Company, to request that the Company, immediately prior to the Closing (and subject to the actual consummation of the Closing), (a) convert or cause the conversion of one or more Subsidiaries of the Company that are organized as corporations into limited liability companies (or other entities) and one or more Subsidiaries of the Company that are organized as limited partnerships or limited liability companies into other entities, on the basis of organizational documents, as reasonably requested by Parent, (b) transfer or cause to be transferred all of the capital stock, shares of beneficial interests, partnership interests or limited liability interests owned, directly or indirectly, by the Company in one or more Subsidiaries of the Company to any person at a price and on terms all as designated by Parent, (c) transfer or cause to be transferred some or all of any Group Company's interest in a Subsidiary of such Group Company or the assets of any Group Company to another Group Company, and (d) transfer or cause to be transferred any of the assets of any Group Company to any person at a price and on terms all as designated by Parent (clauses (a), (b), (c), and (d) each being "Requested Transactions"); provided, however, that (i) no Group Company shall be required to take any action pursuant to this Section 6.14 that would (and none of the Requested Transactions shall) (x) delay or prevent the consummation of the Merger (or subject the completion of the Merger to any uncertainty), (y) be in contravention of any laws or any Governing Documents or any other contract or agreement to which the Group Companies or any of their respective assets are bound, or (z) cause any Seller Group Indemnified Person to suffer or incur any Loss that such Seller Group Indemnified Person would not have otherwise suffered or incurred but for the taking of such action and for which Parent has not indemnified such Seller Group Indemnified Person in full, (ii) the Requested Transactions shall be implemented as close as possible to

the Effective Time (without jeopardizing the purpose of the Requested Transactions, but after Parent and Merger Sub shall have waived or confirmed that all conditions to the consummation of the Merger have been satisfied), (iii) the consummation of any such Requested Transactions shall be contingent upon the receipt by the Company of a written notice from Parent confirming that all of the conditions set forth in Sections 7.1, 7.2 and 7.3 have been satisfied (or, with respect to Section 7.2, at the option of Parent, waived), that the Marketing Period has terminated, and that Parent and Merger Sub are prepared to proceed immediately with the Closing (it being understood that in any event the Requested Transactions will be deemed to have occurred prior to the Closing), and (iv) the Requested Transactions (or the inability to complete the Requested Transactions) shall not affect or modify in any respect the obligations of Parent or Merger Sub under this Agreement. Parent shall, upon written request by the Company, advance to the Company all reasonable out-of-pocket costs and expenses expected to be incurred by any Group Company in connection with any actions to be taken by the Group Companies in accordance with this Section 6.16. Parent and Merger Sub, on a joint and several basis, hereby agree to indemnify and hold harmless the Group Companies, any Seller, and any of their respective directors, officers, employees, Affiliates, agents or representatives (each, a “Seller Group Indemnified Person”) from and against any and all liabilities, losses, damages, claims, costs, expenses, fees, Taxes, interest, awards, judgments and penalties (“Losses”) suffered or incurred by them in connection with or as a result of any Requested Transactions, any action taken pursuant to this Section 6.16 (or the evaluation or consideration of any such Requested Transaction or requested action, whether or not such Requested Transaction occurs or such requested action is taken). Without limiting the foregoing, none of the representations, warranties or covenants of the Company or any of its Affiliates shall be deemed to apply to, or deemed breached or violated by, any of the Requested Transactions. The indemnification obligations of Parent and Merger Sub in this Section 6.16 are for the express benefit of and may be enforced by each Seller Group Indemnified Person, whether or not such Person is a party to this Agreement.

## ARTICLE 7 CONDITIONS TO CONSUMMATION OF THE MERGER

**Section 7.1 Conditions to the Obligations of the Company, Parent and Merger Sub.** The obligations of the Company, Parent and Merger Sub to consummate the transactions contemplated by this Agreement are subject to the satisfaction (or, if permitted by applicable Law, waiver by the Party for whose benefit such condition exists) of the following condition:

(a) any applicable waiting period under the HSR Act relating to the Merger shall have expired or been terminated; and

(b) no statute, rule, regulation, executive order, decree, temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other Governmental Entity or other legal restraint or prohibition preventing the consummation of the Merger shall be in effect; provided, however, that each of Parent, Merger Sub and the Company shall have used commercially reasonable efforts to prevent the entry of any such injunction or other order or the commencement of any such proceeding or lawsuit and to appeal as promptly as possible any injunction or other order that may be entered.

### **Section 7.2 Other Conditions to the Obligations of Merger Sub and Parent**

The obligations of Merger Sub and Parent to consummate the Merger and the other transactions contemplated by this Agreement are subject to the satisfaction or, if permitted by applicable Law, waiver by Merger Sub and Parent of the following further conditions:

(a) the representations and warranties of the Company set forth in Article 4 hereof (i) that are Fundamental Representations shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (other than such representations and warranties made on and as of a specified date, in which case such representations and warranties shall be true and correct in all material respects as of the specified date), and (ii) that are not Fundamental Representations shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (other than such representations and warranties made on and as of a specified date, in which case such representations and warranties shall be true and correct in all respects as of the specified date), with only such exceptions as, individually

or in the aggregate, do not constitute and would not reasonably be expected to have a Company Material Adverse Effect (it being understood that, for purposes of determining the truth and correctness of such representations and warranties, all "Material Adverse Effect" qualifications and other materiality qualifications and similar qualifications contained in such representations and warranties shall be disregarded);

(b) the Company shall have performed and complied in all material respects with all covenants required to be performed or complied with by the Company under this Agreement on or prior to the Closing Date; provided, that, for purposes of determining whether the condition set forth in this Section 7.2(b) has been satisfied, the obligations set forth in (i) Section 6.8(c) shall be considered not to have been so performed and complied with in all material respects to the extent that the Company's breach of such obligations proximately cause Parent's failure to obtain the Anticipated Financing, and (ii) the obligation in Section 6.3(c) to execute the Owner's Affidavits shall be considered not to have been so performed and complied with in all material respects to the extent that the Company's breach of such obligation proximately causes Parent's failure to obtain the Updated Title Policies.

(c) since the date of this Agreement, no Company Material Adverse Effect has occurred;

(d) since the date of this Agreement, none of the Group Companies shall have transferred or entered into any agreement to transfer nor granted any right or first offer or right of first refusal to purchase any of the Owned Real Property;

(e) the Company shall have delivered evidence, in form and substance reasonably acceptable to Parent, of receipt of the Required Consent; and

(f) Parent shall have received the duly executed Stockholder Written Consent.

**Section 7.3 Other Conditions to the Obligations of the Company.** The obligations of the Company to consummate the Merger and the other transactions contemplated by this Agreement are subject to the satisfaction or, if permitted by applicable Law, waiver by Merger Sub and Parent of the following further conditions:

(a) the representations and warranties of Merger Sub and Parent set forth in Article 5 hereof (x) that are qualified as to materiality shall be true, complete and correct in all respects and (y) that are not qualified as to materiality shall be true, complete and correct in all material respects, in each case, as of the Closing Date as though made on and as of the Closing Date, except to the extent such representations and warranties are made on and as of a specified date, in which case such representations and warranties shall be true and correct as of the specified date; and

(b) Merger Sub and Parent shall each have performed and complied in all material respects with all covenants required to be performed or complied with by them under this Agreement on or prior to the Closing Date.

**Section 7.4 Frustration of Closing Conditions.** No party hereto may rely on the failure of any condition set forth in this Article 7 to be satisfied if such failure was caused by such party's failure to use reasonable best efforts to cause the Closing to occur, as required by Section 6.5.

## **ARTICLE 8 TERMINATION**

**Section 8.1 Termination.** This Agreement may be terminated and the transactions contemplated by this Agreement may be abandoned at any time prior to the Closing:

(a) by mutual written consent of Parent and the Company;

(b) by Parent, if any of the representations or warranties of the Company set forth in Article 4 shall not be true and correct or if the Company has failed to perform any covenant or agreement on the part of the Company set forth in this Agreement (including an obligation to consummate the Closing) such that the condition to Closing set forth in either Section 7.2(a) or Section 7.2(b) would not be satisfied and the breach or breaches causing

such representations or warranties not to be true and correct, or the failures to perform any covenant or agreement, as applicable, are not cured within twenty (20) days after written notice thereof is delivered to Representative; provided that Parent and Merger Sub are not then in breach of this Agreement so as to cause the condition to Closing set forth in either Section 7.3(a) or Section 7.3(b) from being satisfied;

(c) by the Company, if any of the representations or warranties of Parent or Merger Sub set forth in Article 5 shall not be true and correct or if either Parent or Merger Sub has failed to perform any covenant or agreement on the part of Parent or Merger Sub set forth in this Agreement (including an obligation to consummate the Closing) such that the condition to Closing set forth in either Section 7.3(a) or Section 7.3(b) would not be satisfied and the breach or breaches causing such representations or warranties not to be true and correct, or the failures to perform any covenant or agreement, as applicable, are not cured within twenty (20) days after written notice thereof is delivered to Parent; provided that the Company is not then in breach of this Agreement so as to cause the condition to Closing set forth in Section 7.2(a) or Section 7.2(b) from being satisfied;

(d) by either Parent or by the Company, if the transactions contemplated by this Agreement shall not have been consummated on or prior to January 11, 2016 (as such date may be extended by the Company as provided below, the "Termination Date"); provided, that: (i) the Party seeking to terminate this Agreement pursuant to this Section 8.1(d) shall not have breached in any material respect its obligations under this Agreement in any manner that shall have proximately caused the failure to consummate the transactions contemplated by this Agreement on or before the Termination Date; (ii) if all conditions to Closing contained in Article 7 have been satisfied as of January 11, 2016 other than (x) those that, by their terms, are required to be satisfied only at Closing and which are capable of being satisfied as of such date and (y) the condition set forth in Section 7.1(a), then the Company may, by written notice to Parent, extend the Termination Date until the 60th day after January 11, 2016, in which case the term "Termination Date" shall for all purposes hereof be deemed to refer to such 60th day; (iii) that if the Marketing Period shall have begun but not have been completed by the Termination Date, then Parent may elect to extend the Termination Date to the third (3rd) Business Day after the last day of the Marketing Period and (iv) for the avoidance of doubt, Parent shall not be entitled to terminate this Agreement pursuant to this Section 8.1(d) at any time prior to such 60th day if the Company elects to extend the Termination Date to such date as provided above, in which case any purported termination by Parent pursuant to this Section 8.1(d) prior to such 60th date shall be null and void;

(e) by Parent, if the Requisite Stockholder Approval is not obtained within two (2) Business Days of the date of this Agreement and has not been obtained prior to the termination of this Agreement pursuant to this Section 8.1(e);

(f) by the Company if (i) all of the conditions set forth in Sections 7.1 and 7.2 have been satisfied (not including conditions which are to be satisfied by actions taken at the Closing) or waived in writing by Parent and Merger Sub, (ii) the Company has irrevocably notified Parent in writing that the Company is ready, willing and able to consummate the Closing and all of the conditions set forth in Section 7.3 (not including conditions which are to be satisfied by actions taken at the Closing) have been satisfied or that the Company is willing to waive any unsatisfied conditions in Section 7.3 for the purpose of consummating the Closing, and (iii) the Merger shall not have been consummated on the later of the date the Closing is required to have occurred pursuant to Section 2.2 and the expiration of three (3) business days following the Company's delivery of such notice; and

(g) by either Parent or by the Company, if any Governmental Entity shall have issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree or ruling or other action shall have become final and nonappealable; provided that the Party seeking to terminate this Agreement pursuant to this Section 8.1(g) shall have used reasonable best efforts to remove such order, decree, ruling, judgment or injunction; provided, further, that no Party shall be permitted to terminate this Agreement pursuant to this Section 8.1(g) if the imposition of such order, decree or ruling was primarily due to the failure of such Party to perform its obligations under this Agreement.

**Section 8.2 Damage.** In the event of any Material Damage to the Owned Real Property located in Atlanta, Georgia or any portion thereof, Parent may, at its option, by notice to the Company given within ten (10) Business Days after the Company notifies Parent in writing of such Material Damage: (a) terminate this Agreement,

in which event the parties shall have no further obligations hereunder except as set forth in Section 8.3, or (b) proceed to the Closing. "Material Damage" means damage of at least fifty percent (50%) of the improvements which makes it reasonably likely that the majority of the remaining improvements shall be rendered unusable for the conduct of business for more than ninety (90) days as conducted prior to the occurrence of the damage. If necessary, the Closing Date shall be extended to give Parent the full 10-day period to make the election above with respect to any Material Damage.

**Section 8.3 Effect of Termination.** In the event of the termination of this Agreement pursuant to Section 8.1 or Section 8.2, this entire Agreement shall forthwith become void (and there shall be no liability or obligation on the part of Parent, Merger Sub or the Company or their respective officers, directors or equityholders) with the exception of (a) the provisions of this Section 8.3, Article 9, Article 10 (other than Section 10.21) and the last sentence of Section 6.4, each of which provisions shall survive such termination and remain valid and binding obligations of the Parties, and (b) any liability of any party hereto for any willful or intentional breach of or failure to perform any of its obligations under this Agreement (and, for the avoidance of doubt, if the Company terminates this Agreement pursuant to Section 8.1(f), then the failure by Parent to consummate the Closing (unless such failure is primarily caused by the Company's failure to perform its obligation to consummate the Closing) shall be deemed to be a willful or intentional breach of this Agreement) prior to such termination in which case and notwithstanding anything to the contrary in this Agreement the parties shall be entitled to seek all remedies available at law or equity, including equitable relief and damages. Nothing herein shall limit or prevent any party hereto from exercising any rights or remedies it may have under Section 10.18. No Seller Related Party shall have any rights or claims against any Financing Source in connection with this Agreement, the Debt Financing Commitments, the Debt Financing or the transactions contemplated hereby or thereby, whether at law or equity, in contract, in tort or otherwise; provided that, nothing in this the last sentence of this Section 8.3 shall in any way limit or modify the rights and obligations of Parent under this Agreement or any Financing Source's obligations to Parent under any Debt Commitment Letter (the last sentence of this Section 8.3 is intended to benefit and may be enforced by the Financing Sources).

## **ARTICLE 9 REPRESENTATIVE OF SELLERS**

### **Section 9.1 Authorization of Representative.**

(a) BSR LLC, is hereby appointed, authorized and empowered to act as a Representative, for the benefit of Sellers, as the exclusive agent and attorney-in-fact to act on behalf of each Sellers, in connection with and to facilitate the consummation of the transactions contemplated hereby, which shall include the power and authority:

(i) take any and all actions (including, without limitation, executing and delivering any documents, incurring any costs and expenses on behalf of the Sellers) and make any and all determinations which may be required or permitted in connection with the pre and post-closing implementation of this Agreement and the Ancillary Agreements and the transactions contemplated hereby and thereby;

(ii) give and receive notices and communications under this Agreement and the Ancillary Agreements;

(iii) agree to the Consideration Allocation Spreadsheet, including any amendments related thereto, if any;

(iv) to object or agree to the Closing Statement, including the settlement of any disputes related thereto, and authorize the release of amounts from the Working Capital Escrow Account pursuant to the terms of this Agreement and the Escrow Agreement;

(v) enter into the Escrow Agreement and act pursuant thereto;

(vi) to execute and deliver such waivers and consents in connection with this Agreement, the Ancillary Agreements and the consummation of the transactions contemplated hereby and thereby as the Representative, in its sole discretion, may deem necessary or desirable;

(vii) to collect and receive all moneys and other proceeds and property payable to the Representative or the Sellers from Parent and/or the Surviving Corporation as described herein, and, subject to any applicable withholding retention laws, the Representative shall disburse and pay the same to each of Sellers to the extent of such Seller's Pro Rata Share;

(viii) as the Representative, to enforce and protect the rights and interests of the Sellers (including the Representative, in its capacity as a Seller) and to enforce and protect the rights and interests of the Representative arising out of or under or in any manner relating to this Agreement and each other agreement, document, instrument or certificate referred to herein or therein or the transactions provided for herein or therein, and to take any and all actions which the Representative believes are necessary or appropriate under this Agreement for and on behalf of Sellers, including asserting or pursuing any claim, action, proceeding or investigation (a "Claim") against Parent, Merger Sub and/or the Surviving Corporation, consenting to, compromising or settling any such Claims, conducting negotiations with Parent, the Surviving Corporation and their respective representatives regarding such Claims, and, in connection therewith, to: (A) assert any claim or institute any action, proceeding or investigation; (B) investigate, defend, contest or litigate any claim, action, proceeding or investigation initiated by Parent, the Surviving Corporation or any other Person, or by any federal, state or local Governmental Entity against the Representative and/or any of Sellers, and receive process on behalf of any or all Sellers in any such claim, action, proceeding or investigation and compromise or settle on such terms as the Representative shall determine to be appropriate, and give receipts, releases and discharges with respect to, any such claim, action, proceeding or investigation; (C) file any proofs of debt, claims and petitions as the Representative may deem advisable or necessary; and (D) file and prosecute appeals from any decision, judgment or award rendered in any such action, proceeding or investigation, it being understood that the Representative shall not have any obligation to take any such actions, and shall not have any liability for any failure to take any such actions;

(ix) to refrain from enforcing any right of any Seller and/or the Representative arising out of or under or in any manner relating to this Agreement or any other agreement, instrument or document in connection with the foregoing; provided, however, that no such failure to act on the part of the Representative, except as otherwise provided in this Agreement, shall be deemed a waiver of any such right or interest by the Representative or by such Seller unless such waiver is in writing signed by the waiving party or by the Representative; and

(x) to make, execute, acknowledge and deliver all such other agreements, guarantees, orders, receipts, endorsements, notices, requests, instructions, certificates, stock powers, letters and other writings, and, in general, to do any and all things and to take any and all action that the Representative, in its sole and absolute discretion, may consider necessary or proper or convenient in connection with or to carry out the transactions contemplated by this Agreement, the Escrow Agreement and all other agreements, documents or instruments referred to herein or therein or executed in connection herewith and therewith.

(b) The Representative hereby accepts the foregoing appointment and agrees to serve as Representative, subject to the provisions hereof, for the period of time from and after the date hereof without compensation except for the reimbursement from the Sellers, in accordance with their respective Pro Rata Shares, of fees and expenses incurred by Representative in its capacity as such. Parent will, on the Closing, pay the Representative Expense Amount to the Representative by wire transfer of immediately available funds to an account designated by the Representative, as a fund for the fees and expenses incurred by the Representative in its capacity as such in connection with this Agreement (the "Representative Expense Account") with any balance of the Representative Expense Account not used for such purposes (as determined by the Representative in good faith) to be paid in part to the Paying Agent to be paid to the Sellers that held shares of Common Stock or a beneficial interest in the Company Warrant in accordance with their respective Pro Rata Shares and in part to the Surviving Corporation, for further payment to the holders of Vested Company Options in accordance with their Pro Rata Shares (and the Surviving Corporation shall promptly (and in any event within three (3) Business Days) pay such amounts through payroll to the Sellers that held Vested Company Options). The Sellers shall not receive interest or other earnings on the Representative Expense Amount and, by virtue

of the adoption of this Agreement and, if applicable, as set forth in the Letters of Transmittal or Option Letters, irrevocably transfer and assign to the Representative any ownership right that they may have in any interest that may accrue on funds held in the Representative Expense Account.

(c) All of the indemnities, immunities and powers granted to the Representative under this Agreement shall survive the Closing Date and/or any termination of this Agreement.

(d) Parent and the Surviving Corporation shall have the right to rely upon all actions taken or omitted to be taken by the Representative pursuant to this Agreement, all of which actions or omissions shall be legally binding upon all of the Sellers.

(e) The grant of authority provided for herein (i) is coupled with an interest and shall be irrevocable and survive the death, incompetency, bankruptcy or liquidation of any Seller, and (ii) shall survive the consummation of the Merger.

(f) The Sellers shall indemnify and hold harmless the Representative against any liabilities resulting from its role as Representative.

## **ARTICLE 10 MISCELLANEOUS**

**Section 10.1 Entire Agreement; Assignment.** This Agreement (including the Schedules and the Confidentiality Agreement) (a) constitutes the entire agreement among the parties hereto with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, among the parties hereto with respect to the subject matter hereof and (b) shall not be assigned by any party hereto (whether by operation of law or otherwise), other than for collateral purposes, without the prior written consent of Parent, Merger Sub and the Company, prior to the Closing, or the Representative, following the Closing; provided, however, that Parent shall have the right to assign this Agreement in whole or in part without the consent of the Company to one or more Affiliates of Parent (including, without limitation, Digital Realty Trust, L.P.) (it being understood that any such assignment will not relieve Parent of its obligations hereunder). Any attempted assignment of this Agreement not in accordance with the terms of this Section 9.1 shall be void.

**Section 10.2 Survival.** The parties, intending to modify and shorten or eliminate any applicable statute of limitations as between the parties and the Non-Recourse Parties, agree that, except in the case of Fraud, (a)(i) the representations and warranties in this Agreement and in any certificate delivered pursuant hereto and (ii) the covenants in this Agreement requiring performance prior to the Closing shall, in each case, terminate and be of no further force and effect, effective as of the Closing and shall not survive the Closing for any purpose, and thereafter there shall be no liability on the part of, nor shall any claim be made by or on behalf of, any party or any party's Affiliates (or any of the employees, directors or officers of any of the foregoing) in respect thereof, and (b) the covenants in this Agreement that contemplate performance after the Closing or expressly by their terms survive the Closing shall survive the Closing in accordance with their respective terms. For the avoidance of doubt, nothing contained herein shall in any way limit or alter the rights a party hereto may have against any insurance carrier or any other third party that is not a Non-Recourse Party.

**Section 10.3 Notices.** All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given by delivery in person, electronic mail or by reputable overnight courier service (charges prepaid) and shall be deemed received when so delivered personally by electronic mail upon confirmation of such receipt by email (it being agreed that an automatic “read receipt” shall not constitute acknowledgement of an email) or one day after being sent by overnight courier, to the other parties hereto as follows:

To Parent or Merger Sub or the Surviving Corporation:

Digital Realty Trust, Inc.  
Four Embarcadero Center  
Suite 3200  
San Francisco, CA 94111  
Attention: Scott Peterson; Joshua Mills  
E-mail: speterson@digitalrealty.com; jmills@digitalrealty.com

with a copy (which shall not constitute notice to any of such Persons) to:

Latham & Watkins LLP  
355 South Grand Avenue  
Los Angeles, CA 90071-1560  
Attention: Julian Kleindorfer; David Wheeler  
Email: julian.kleindorfer@lw.com; david.wheeler@lw.com

To the Company (prior to the Closing):

The Telx Group, Inc.  
1 State Street, 21st Floor  
New York, New York 10004  
Attention: John Abbot; Clay Mynard  
E-mail: jabbot@telx.com; cmynard@telx.com

with a copy (which shall not constitute notice to any of such Persons) to:

c/o ABRY Partners II, LLC  
29th Floor  
111 Huntington Avenue  
Boston, MA 02199  
Attn: C.J. Brucato and Tomer Yosef-Or  
E-mail: cbrucato@abry.com; tyosefor@abry.com

c/o Berkshire Partners LLC  
200 Clarendon Street  
Boston, MA 02116  
Attn: Lawrence S. Hamelsky, Elizabeth L. Hoffman and Sharlyn C. Heslam  
E-mail: lhamelsky@berkshirepartners.com; bhoffman@berkshirepartners.com; sheslam@berkshirepartners.com

Kirkland & Ellis LLP  
601 Lexington Avenue  
New York, NY 10022  
Attention: Armand A. Della Monica; Joshua Kogan  
E-mail: armand.dellamonica@kirkland.com; joshua.kogan@kirkland.com

To the Representative:

BSR LLC  
c/o Berkshire Partners LLC  
200 Clarendon Street  
Boston, MA 02116  
Attention: Lawrence S. Hamelsky, Elizabeth L. Hoffman; Sharlyn C. Heslam  
E-mail: lhamelsky@berkshirepartners.com; bhoffman@berkshirepartners.com; sheslam@berkshirepartners.com

or to such other address as the person to whom notice is given may have previously furnished to the other in writing in the manner set forth above.

**Section 10.4 Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the law of any jurisdiction other than the State of Delaware; provided, however, that without limitation of the provisions of Section 8.3 hereof, any and all claims against any Financing Sources in connection with this Agreement, the Debt Financing Commitments, the Debt Financing or the transactions contemplated hereby or thereby, whether at law or equity, in contract, in tort or otherwise, shall be governed in accordance with the law of the State of New York.

**Section 10.5 Fees and Expenses.** Except as otherwise set forth in this Agreement, whether or not the Merger is consummated, all fees and expenses incurred in connection with the Merger, this Agreement and the transactions contemplated by this Agreement, including the fees and disbursements of counsel, financial advisors and accountants, shall be paid by the party hereto incurring such fees or expenses.

**Section 10.6 Construction; Interpretation.** The term “this Agreement” means this Agreement and Plan of Merger together with all Schedules and exhibits to this Agreement (“Exhibits”), as the same may from time to time be amended, modified, supplemented or restated in accordance with the terms hereof. The headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement. No party hereto, nor its respective counsel, shall be deemed the drafter of this Agreement for purposes of construing the provisions hereof, and all provisions of this Agreement shall be construed according to their fair meaning and not strictly for or against any party. When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a non-Business Day, the period in question shall end on the next succeeding Business Day. Any reference in this Agreement to “\$” shall mean U.S. dollars. Unless otherwise indicated to the contrary herein by the context or use thereof: (i) the words, “herein,” “hereto,” “hereof” and words of similar import refer to this Agreement as a whole, including the Schedules and Exhibits, and not to any particular section, subsection paragraph, subparagraph or clause contained in this Agreement; (ii) masculine gender shall also include the feminine and neutral genders, and vice versa; (iii) words importing the singular shall also include the plural, and vice versa; and (iv) the words “include,” “includes” or “including” shall be deemed to be followed by the words “without limitation”. An item arising with respect to a specific representation or warranty shall be deemed to be “reflected on” or “set forth in” a balance sheet or financial statements, to the extent any such phrase appears in such representation or warranty, if (A) there is a reserve, accrual or other similar item underlying a number on such balance sheet or financial statements that related to the subject matter of such representation or warranty, (B) such item is otherwise specifically set forth on the balance sheet or financial statements or (C) such item is reflected on the balance sheet or financial statements and is specifically set forth in the notes thereto.

**Section 10.7 Exhibits and Schedules.** All Exhibits and Schedules or other documents expressly incorporated into this Agreement, are hereby incorporated into this Agreement and are hereby made a part hereof as if set out in full in this Agreement. Any item disclosed on any Schedule referenced by a particular section in this Agreement shall be deemed to have been disclosed with respect to every other section in this Agreement if the relevance of such disclosure to such other section is reasonably apparent on its face. The specification of any dollar amount in the representations or warranties contained in this Agreement or the inclusion of any specific item in any Schedule is not intended to imply that such amounts, or higher or lower amounts or the items so included or other items, are or are not material, and no party shall use the fact of the setting of such amounts or the inclusion of any such item in any dispute or controversy as to whether any obligation, items or matter not described herein or included in a Schedule is or is not material for purposes of this Agreement. No disclosure on a Section of the Schedules relating to a possible breach or violation of any contract, law or order shall be construed as an admission or indication that breach or violation exists or has actually occurred. Any capitalized terms used in any Section of an Exhibit or the Schedules but not otherwise defined therein shall be defined as set forth in this Agreement.

**Section 10.8 Parties in Interest.** This Agreement shall be binding upon and inure solely to the benefit of each party and its successors and permitted assigns and, except as provided in Section 6.6, nothing in this Agreement, express or implied, is intended to or shall confer upon any other person any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement. Notwithstanding the foregoing, (i) the Sellers are third party beneficiaries of Article 2, Article 9, Section 10.14 and Section 10.15 of this Agreement and (ii) the Financing Sources are third party beneficiaries of the last sentence of Section 8.3, this Section 10.8, Section 10.10, Section 10.14 and Section 10.21 of this Agreement.

**Section 10.9 Severability.** If any term or other provision of this Agreement is invalid, illegal or unenforceable, all other provisions of this Agreement shall remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party.

**Section 10.10 Amendment.** Prior to the Effective Time, subject to applicable law (including the DGCL) and Section 10.11, this Agreement may be amended or modified only by a written agreement executed and delivered by duly authorized officers of Parent, Merger Sub and the Company. After the Effective Time, subject to applicable law (including the DGCL), this Agreement may be amended or modified only by written agreement executed and delivered by duly authorized officers of the Surviving Corporation and the Representative. This Agreement may not be modified or amended except as provided in the immediately preceding two sentences and any purported amendment by any party or parties hereto effected in a manner which does not comply with this Section 10.10 shall be void. Notwithstanding anything to the contrary contained herein, Section 8.3, Section 10.8, this Section 10.10, Section 10.14 and Section 10.21 (and any provision of this Agreement to the extent a modification, waiver or termination of such provision would modify the substance of such Sections) may not be modified, waived or terminated in a manner that impacts or is adverse in any respect to the Financing Sources without the prior written consent of the Financing Sources.

**Section 10.11 Extension; Waiver.** At any time prior to the Closing, the Company (on behalf of itself and Sellers) may (a) extend the time for the performance of any of the obligations or other acts of Parent or Merger Sub contained herein, (b) waive any inaccuracies in the representations and warranties of Parent or Merger Sub contained herein or in any document, certificate or writing delivered by Parent or Merger Sub pursuant hereto or (c) waive compliance by Parent or Merger Sub with any of the agreements or conditions contained herein. At any time prior to the Closing, Parent may (i) extend the time for the performance of any of the obligations or other acts of the Company or Sellers contained herein, (ii) waive any inaccuracies in the representations and warranties of the Company and Sellers contained herein or in any document, certificate or writing delivered by the Company or Sellers pursuant hereto or (iii) waive compliance by the Company and Sellers with any of the agreements or conditions contained herein. Any agreement on the part of any Party hereto to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such party. The failure of any Party hereto to assert any of its rights hereunder shall not constitute a waiver of such rights.

**Section 10.12 Counterparts; Facsimile Signatures.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same

agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or scanned pages shall be effective as delivery of a manually executed counterpart to this Agreement.

**Section 10.13 Obligations of Parent and Merger Sub.** The obligations of Parent and Merger Sub hereunder are jointly and severally guaranteed by each other.

**Section 10.14 No Recourse.** Notwithstanding anything that may be expressed or implied in this Agreement, the parties hereto agree and acknowledge that this Agreement may only be enforced against the Persons that are expressly identified as parties hereto, and may not be enforced by or against any former, current or future direct or indirect equity holder, controlling Person, management company, incorporator, member, partner, manager, director, officer, employee, agent, Affiliate, attorney or representative, financial advisor or lender (all above-described Persons, collectively, "Affiliated Persons") of any party hereto, or any Financing Source or any Affiliated Persons of any of the foregoing (together with the Affiliated Persons of any party hereto, the "Non-Recourse Parties"), whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any applicable Law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any Non-Recourse Party, as such, for any obligation under this Agreement or any documents or instruments delivered in connection with this Agreement or for any Claim based on, in respect of or by reason of such obligations or their creation; provided, that, notwithstanding the foregoing, (a) nothing in this Section 10.14 shall in any way limit or modify any Financing Source's obligations to Parent, Merger Sub or any of their Affiliates under the Debt Financing Commitments and (b) this Section 10.14 shall in no way be deemed to limit the liability or obligations of any party to the extent that such party is required to cause its Subsidiaries, Affiliates or their respective Affiliated Persons to take any action or refrain from taking any action pursuant to this Agreement.

**Section 10.15 Release.** Effective as of the Closing Date, each of Parent and the Surviving Corporation, on behalf of itself and each of its Affiliates and each of its current and former officers, directors, employees, partners, members, advisors, successors and assigns (collectively, the "Releasing Parties"), hereby irrevocably and unconditionally releases and forever discharges the Stockholders, the Optionholders, the Beneficial Warrant Holders, their respective Affiliates and each of their respective current and former officers, directors, employees, partners, members, advisors, successors and assigns (collectively, the "Released Parties") of and from any and all actions, causes of action, suits, proceedings, executions, judgments, duties, debts, dues, accounts, bonds, contracts and covenants (whether express or implied), and claims and demands whatsoever, whether in law or in equity, which the Releasing Parties may have against each of the Released Parties, now or in the future, in each case, in respect of any cause, matter or thing relating to any of the Released Parties occurring or arising on or prior to the date of this Agreement (the "Released Claims"); provided, that, notwithstanding the foregoing, the Released Claims shall not include any actions, causes of action, suits, proceedings, executions, judgments, duties, debts, dues, accounts, bonds, contracts and covenants (whether express or implied), and claims and demands: (a) expressly permitted pursuant to this Agreement or any of the Ancillary Agreements, (b) to enforce any covenants or agreements of the Representative or any Seller in this Agreement or any of the Ancillary Agreements, in each case, to the extent such covenant or agreement expressly contemplates performance after the Closing Date by its terms, (c) with respect to the payment of any adjustment amounts required to be paid pursuant to Section 2.10(b)(ii), (d) based on Fraud or (e) that, in the case of employees of the Company, do not arise solely out of or in relation to such Released Party's capacity as a Seller or an equity holder of the Company. For the sake of clarification, none of the Surviving Corporation or its Subsidiaries shall be deemed a Released Party for purposes of this Section 10.15. For the avoidance of doubt, nothing contained herein shall in any way limit or alter the rights a party hereto may have against any insurance carrier or any other third party that is not a Non-Recourse Party. The parties hereto agree that the Sellers shall be third party beneficiaries of this Section 10.15.

**Section 10.16 Waiver of Jury Trial.** THE PARTIES EACH HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION (I) ARISING UNDER THIS AGREEMENT OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO IN RESPECT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS RELATED HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY, OR OTHERWISE. THE PARTIES TO THIS AGREEMENT EACH HEREBY AGREES AND CONSENTS THAT, EXCEPT AS SET FORTH IN SECTION 2.10(B), ANY SUCH CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION SHALL BE

DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT THE PARTIES MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

**Section 10.17 Jurisdiction and Venue.** EXCEPT AS SET FORTH IN SECTION 2.10(B), EACH OF THE PARTIES SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE CHANCERY COURT OF THE STATE OF DELAWARE (OR, IF THE CHANCERY COURT DECLINES TO ACCEPT JURISDICTION OVER A PARTICULAR MATTER, ANY STATE OR FEDERAL COURT SITTING IN DELAWARE) IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, AGREES THAT ALL CLAIMS IN RESPECT OF THE ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND AGREES NOT TO BRING ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY OTHER COURT. EACH OF THE PARTIES WAIVES ANY DEFENSE OF INCONVENIENT FORUM TO THE MAINTENANCE OF ANY ACTION OR PROCEEDING SO BROUGHT AND WAIVES ANY BOND, SURETY OR OTHER SECURITY THAT MIGHT BE REQUIRED OF ANY OTHER PARTY WITH RESPECT THERETO. EACH PARTY AGREES THAT SERVICE OF SUMMONS AND COMPLAINT OR ANY OTHER PROCESS THAT MIGHT BE SERVED IN ANY ACTION OR PROCEEDING MAY BE MADE ON SUCH PARTY BY SENDING OR DELIVERING A COPY OF THE PROCESS TO THE PARTY TO BE SERVED AT THE ADDRESS OF THE PARTY AND IN THE MANNER PROVIDED FOR THE GIVING OF NOTICES IN SECTION 10.3. NOTHING IN THIS SECTION 10.17, HOWEVER, SHALL AFFECT THE RIGHT OF ANY PARTY TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW. EACH PARTY AGREES THAT A FINAL, NON-APPEALABLE JUDGMENT IN ANY ACTION OR PROCEEDING SO BROUGHT SHALL BE CONCLUSIVE AND MAY BE ENFORCED BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

**Section 10.18 Remedies.** Except as otherwise expressly provided herein, any and all remedies provided herein will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one remedy will not preclude the exercise of any other remedy. The Parties agree that irreparable damage for which monetary damages, even if available, would not be an adequate remedy, would occur in the event that the parties hereto do not perform their respective obligations under the provisions of this Agreement (including failing to take such actions as are required of them hereunder to consummate the transactions contemplated by this Agreement) in accordance with their specific terms or otherwise breach such provisions. The Parties shall be entitled to seek an injunction or injunctions, specific performance and other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, in each case without posting a bond or undertaking, this being in addition to any other remedy to which they are entitled at law or in equity. Each of the Parties agrees that it will not oppose the granting of an injunction, specific performance and other equitable relief when expressly available pursuant to the terms of this Agreement on the basis that the other Parties have an adequate remedy at law or an award of specific performance is not an appropriate remedy for any reason at law or equity. Notwithstanding the foregoing, no breach of any representation, warranty or covenant contained herein or in any certificate delivered pursuant to this Agreement shall give rise to any right on the part of Parent, Merger Sub, the Company or any Seller, after the consummation of the transactions contemplated hereby, to rescind this Agreement or any of the transactions contemplated hereby.

**Section 10.19 Press Releases and Announcements.** None of the Parties hereto nor any of their respective representatives shall issue any press releases or make any public announcements with respect to this Agreement or the transactions contemplated hereby (including the Merger) without the prior written consent of Parent or the Company, prior to the Closing, or the Representative, following the Closing, as the case may be. Notwithstanding the foregoing, any such press release or public announcement may be made if required by applicable Law or a securities exchange rule; provided that the Party required to make such press release or public announcement shall, to the extent possible, confer with the other parties concerning the timing and content of such press release or public announcement before the same is made. Notwithstanding the foregoing, any Seller that is an investment fund (including Affiliates of such Seller) may provide general information about the subject matter of this Agreement in connection with their fundraising, marketing, informational or reporting activities of the kind customarily provided with respect to investments of this nature (including disclosures with respect to investment multiples, returns on investment, rates of return and other customary financial performance metrics related to such Seller's investment in the Group Companies).

**Section 10.20 Waiver of Conflicts.** Recognizing that Kirkland & Ellis LLP has acted as legal counsel to certain Sellers and the Representative and its Affiliates and the Group Companies prior to the Closing, and that Kirkland & Ellis LLP intends to act as legal counsel to certain Sellers and the Representative and its Affiliates (which will no longer include the Group Companies) after the Closing, each of Parent, Merger Sub and the Company hereby waives, on its own behalf and agrees to cause its Affiliates to waive, any conflicts that may arise in connection with Kirkland & Ellis LLP representing certain Sellers and the Representative and/or its Affiliates after the Closing as such representation may relate to Parent, Merger Sub, any Group Company or the transactions contemplated herein. In addition, all communications involving attorney-client confidences between the Sellers, the Representative, its Affiliates or any Group Company and Kirkland & Ellis LLP in the course of the negotiation, documentation and consummation of the transactions contemplated hereby shall be deemed to be attorney-client confidences that belong solely to the Representative and its Affiliates (and not the Group Companies). Accordingly, the Group Companies shall not have access to any such communications, or to the files of Kirkland & Ellis LLP relating to its engagement, whether or not the Closing shall have occurred. Without limiting the generality of the foregoing, upon and after the Closing, (i) the Representative and its Affiliates (and not the Group Companies) shall be the sole holders of the attorney-client privilege with respect to such engagement, and none of the Group Companies shall be a holder thereof, (ii) to the extent that files of Kirkland & Ellis LLP in respect of such engagement constitute property of the client, only the Representative and its Affiliates (and not the Group Companies) shall hold such property rights and (iii) Kirkland & Ellis LLP shall have no duty whatsoever to reveal or disclose any such attorney-client communications or files to any of the Group Companies by reason of any attorney-client relationship between Kirkland & Ellis LLP and any of the Group Companies or otherwise.

**Section 10.21 Additional Financing Provisions.** Notwithstanding anything herein to the contrary, each Seller Related Party agrees (a) that any action of any kind or nature, whether at law or equity, in contract, in tort or otherwise, involving a Financing Source in connection with this Agreement, the Debt Financing or the transactions contemplated hereby or thereby shall be brought exclusively in the courts described in Section 10.17 and each Seller Related Party submits for itself and its property with respect to any such action to the exclusive jurisdiction of such courts, (b) not to bring or permit any of its affiliates or representatives to bring or support anyone else in bringing any such action in any other court, (c) that service of process, summons, notice or document by registered mail addressed to it at its address provided in Section 10.3 shall be effective service of process against it for any such action brought in any such court, (d) to waive and hereby irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of, and the defense of an inconvenient forum to the maintenance of, any such action in any such court, (e) that a final judgment in any such action shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law, (f) that the laws described in Section 10.4 shall govern any such action and (g) to irrevocably waive and hereby waives any right to a trial by jury in any such action to the same extent such rights are waived pursuant to Section 10.16. This Section 10.21 is intended to benefit and may be enforced by the Financing Sources.

**Section 10.22 Time of Essence.** With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

\* \* \* \* \*

IN WITNESS WHEREOF, each of the parties has caused this Agreement and Plan of Merger to be duly executed on its behalf as of the day and year first above written.

**COMPANY:**

**TELX HOLDINGS, INC.**

By: /s/ Christopher W. Downie  
Name: Christopher W. Downie  
Title: Chief Executive Officer

**REPRESENTATIVE:**

**BSR LLC**

By: Berkshire Partners LLC, its sole member

By: BPSP, L.P., its managing member

By: Berkshire Partners Holdings LLC, its general partner

By: /s/ Elizabeth L. Hoffman  
Name: Elizabeth L. Hoffman  
Title: Managing Director

**PARENT:**

**DIGITAL REALTY TRUST, INC.**

By: /s/ Andrew Power  
Name: Andrew Power  
Title: Chief Financial Officer

**MERGER SUB:**

**DIGITAL DELTA, INC.**

By: /s/ Andrew Power  
Name: Andrew Power  
Title: Treasurer

*Signature Page - Merger Agreement*

## RELEASE OF GUARANTOR

Dated as of April 27, 2015

**THIS RELEASE OF GUARANTOR** (this "**Release**") is executed and delivered by Digital Realty Trust, L.P. (the "**Company**"), Prudential Investment Management, Inc. ("**PIM**") and the other Purchasers party to the Note Agreement referred to below.

**PRELIMINARY STATEMENTS:**

(1) The Company, Digital Realty Trust, Inc. (the "**Parent Guarantor**"), the subsidiaries of the Company party thereto and the Purchasers from time to time party thereto have entered into an Amended and Restated Note Purchase and Private Shelf Agreement, dated as of November 3, 2011 (as amended, supplemented or otherwise modified from time to time, the "**Note Agreement**"). Capitalized terms not otherwise defined in this Release have the same meanings as specified in the Note Agreement.

(2) The Company has requested that Digital 2260 East El Segundo, LLC be released from its obligations as a Subsidiary Guarantor and the Required Holders have agreed to effect such release on the terms and subject to the conditions hereinafter set forth.

**SECTION 1. Release of Obligations.** Upon the occurrence of the Release Effective Date (as defined in Section 3 below), Digital 2260 East El Segundo, LLC shall be released in full from its obligations under the Note Agreement (including, without limitation, its obligations as a Subsidiary Guarantor under Section 21 of the Note Agreement) and the other Transaction Documents.

**SECTION 2. Representations and Warranties.** The Company hereby represents and warrants that the representations and warranties contained in Section 5 of the Note Agreement are correct on and as of the Release Effective Date (as defined below), immediately before and immediately after giving effect to this Release, as though made on and as of such date (except for any such representation and warranty that, by its terms, refers to an earlier date, in which case such representation and warranty is correct as of such earlier date).

**SECTION 3. Conditions of Effectiveness.** This Release shall become effective as of the first date (the "**Release Effective Date**") on which, and only if, each of the following conditions precedent shall have been satisfied:

(a) The Purchasers shall have received (i) counterparts of this Release executed by the parties hereto, and (ii) the consent attached hereto (the "**Consent**") executed by each of the Guarantors (other than Digital 2260 East El Segundo, LLC).

(b) The representations and warranties of each of the Credit Parties in Section 5 of the Note Agreement shall be correct on and as of the Release Effective Date, immediately before and, in the case of each of the Credit Parties other than Digital 2260 East El Segundo, LLC, immediately after giving effect to this Release, as though made on and as of such date (except for any such representation and warranty that, by its terms, refers to an earlier date, in which case such representation and warranty shall be correct as of such earlier date).

(c) No event shall have occurred and be continuing, immediately before or immediately after the effectiveness of this Release, that constitutes a Default.

(d) All of the reasonable out-of-pocket fees and expenses of PIM (including the reasonable fees and expenses of counsel for PIM) due and payable on the Release Effective Date shall have been paid in full.

This Release is subject to the provisions of Section 18 of the Note Agreement.

SECTION 4. Reference to and Effect on the Transaction Documents.

(a) On and after the effectiveness of this Release, each reference in the Note Agreement to “this Agreement”, “hereunder”, “hereof” or words of like import referring to the Note Agreement, and each reference in each of the other Transaction Documents to the “Agreement”, “Note Agreement”, “thereunder”, “thereof” or words of like import referring to the Note Agreement, shall mean and be a reference to the Note Agreement, after giving effect to this Release.

(b) On and after the effectiveness of this Release, each reference in the Note Agreement or other Transaction Document to “Guarantor”, “Guarantors”, “Subsidiary Guarantor”, or “Subsidiary Guarantors” shall mean and be a reference to the applicable term after giving effect to this Release.

(c) The Note Agreement, after giving effect to this Release, is and shall continue to be in full force and effect and is hereby in all respects ratified and confirmed.

(d) Except for the release of Digital 2260 East El Segundo, LLC as provided in Section 1 of this Release, the execution, delivery and effectiveness of this Release shall not operate as a waiver of any right, power or remedy of any holder of a Note or PIM under any of the Transaction Documents, nor constitute a waiver of any provision of any of the Transaction Documents.

SECTION 5. Costs and Expenses. The Company agrees to pay on demand all reasonable out-of-pocket costs and expenses of PIM in connection with the preparation, execution, delivery and administration, modification and amendment of this Release and the other instruments and documents to be delivered hereunder (including, without limitation, the reasonable fees and expenses of counsel for PIM) in accordance with the terms of Section 16 of the Note Agreement.

SECTION 6. Execution in Counterparts. This Release may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Release by facsimile or email shall be effective as delivery of a manually executed counterpart of this Release.

SECTION 7. Governing Law. This Release shall be governed by, and construed in accordance with, the laws of the State of New York, excluding any choice-of-law principles of the law of such state that would permit the application of the laws of a jurisdiction other than such state.

*[Balance of page intentionally left blank.]*

IN WITNESS WHEREOF, the parties hereto have caused this Release to be executed by their respective officers thereunto duly authorized, as of the date first above written.

**COMPANY:**

**DIGITAL REALTY TRUST, L.P.**

By: **DIGITAL REALTY TRUST, INC.**, its sole general partner

By: /s/ A. William Stein

Name: A. William Stein

Title: Chief Executive Officer and  
Chief Financial Officer

**ACKNOWLEDGED AND AGREED BY RELEASED SUBSIDIARY GUARANTOR:**

**DIGITAL 2260 EAST EL SEGUNDO, LLC**

By: **DIGITAL REALTY TRUST, L.P.**, its sole member and manager

By: **DIGITAL REALTY TRUST, INC.**, its sole general partner

By: /s/ A. William Stein

Name: A. William Stein

Title: Chief Executive Officer and  
Chief Financial Officer

**PURCHASERS:**

**PRUDENTIAL INVESTMENT MANAGEMENT, INC.**

By: /s/ Mitchell Reed  
Name:  
Title:

**THE PRUDENTIAL INSURANCE COMPANY OF AMERICA**

By: /s/ Mitchell Reed  
Name:  
Title:

**PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY**

By: Prudential Investment Management, Inc., as investment manager

By: /s/ Mitchell Reed  
Name:  
Title:

**UNITED OF OMAHA LIFE INSURANCE COMPANY**

By: Prudential Private Placement Investors, L.P. (as Investment Advisor)

By: Prudential Private Placement Investors, Inc. (as its General Partner)

By: /s/ Mitchell Reed  
Name:  
Title:

**PRUCO LIFE INSURANCE COMPANY**

By: /s/ Mitchell Reed  
Name:  
Title:

**UNIVERSAL PRUDENTIAL ARIZONA REINSURANCE COMPANY**

By: Prudential Investment Management, Inc., as investment manager

By: /s/ Mitchell Reed  
Name:  
Title:

**PRUDENTIAL ARIZONA REINSURANCE CAPTIVE COMPANY**

By: Prudential Investment Management, Inc., as investment manager

By: /s/ Mitchell Reed  
Name:  
Title:

**PRUDENTIAL ANNUITIES LIFE ASSURANCE CORPORATION**

By: Prudential Investment Management, Inc., as investment manager

By: /s/ Mitchell Reed  
Name:  
Title:

CONSENT

Dated as of April 27, 2015

Each of the undersigned, as a Guarantor under the Note Agreement referred to in the foregoing Release, hereby consents to such Release and hereby confirms and agrees that notwithstanding the effectiveness of such Release, the Multiparty Guaranty contained in the Note Agreement is and shall continue to be in full force and effect with respect to the undersigned Guarantors and is hereby ratified and confirmed in all respects, except that, on and after the effectiveness of such Release, each reference in the Transaction Documents to the "Agreement", "Note Agreement", "thereunder", "thereof" or words of like import shall mean and be a reference to the Note Agreement, after giving effect to such Release.

**THE GUARANTORS:**

**DIGITAL REALTY TRUST, INC.**

By: /s/ A. William Stein  
Name: A. William Stein  
Title: Chief Executive Officer and  
Chief Financial Officer

**GLOBAL RIVERSIDE, LLC**

By: **DIGITAL REALTY TRUST, L.P.**,  
its member and manager

By: **DIGITAL REALTY TRUST, INC.**, its sole general partner

By: /s/ A. William Stein  
Name: A. William Stein  
Title: Chief Executive Officer and  
Chief Financial Officer

**DIGITAL 720 2ND, LLC**

By: **DIGITAL REALTY TRUST, L.P.**,  
its member and manager

By: **DIGITAL REALTY TRUST INC.**, its sole general partner

By: /s/ A. William Stein  
Name: A. William Stein  
Title: Chief Executive Officer and  
Chief Financial Officer

## RELEASE OF GUARANTOR

Dated as of June 30, 2015

**THIS RELEASE OF GUARANTOR** (this “**Release**”) is executed and delivered by Digital Realty Trust, L.P. (the “**Company**”), Prudential Investment Management, Inc. (“**PIM**”) and the other Purchasers party to the Note Agreement referred to below.

**PRELIMINARY STATEMENTS:**

(1) The Company, Digital Realty Trust, Inc. (the “**Parent Guarantor**”), the subsidiaries of the Company party thereto and the Purchasers from time to time party thereto have entered into an Amended and Restated Note Purchase and Private Shelf Agreement, dated as of November 3, 2011 (as amended, supplemented or otherwise modified from time to time, the “**Note Agreement**”). Capitalized terms not otherwise defined in this Release have the same meanings as specified in the Note Agreement.

(2) The Company has requested that Digital 720 2nd, LLC be released from its obligations as a Subsidiary Guarantor and the Required Holders have agreed to effect such release on the terms and subject to the conditions hereinafter set forth.

**SECTION 1. Release of Obligations.** Upon the occurrence of the Release Effective Date (as defined in Section 3 below), Digital 720 2nd, LLC shall be released in full from its obligations under the Note Agreement (including, without limitation, its obligations as a Subsidiary Guarantor under Section 21 of the Note Agreement) and the other Transaction Documents.

**SECTION 2. Representations and Warranties.** The Company hereby represents and warrants that the representations and warranties contained in Section 5 of the Note Agreement are correct on and as of the Release Effective Date (as defined below), immediately before and immediately after giving effect to this Release, as though made on and as of such date (except for any such representation and warranty that, by its terms, refers to an earlier date, in which case such representation and warranty is correct as of such earlier date).

**SECTION 3. Conditions of Effectiveness.** This Release shall become effective as of the first date (the “**Release Effective Date**”) on which, and only if, each of the following conditions precedent shall have been satisfied:

(a) The Purchasers shall have received (i) counterparts of this Release executed by the parties hereto, and (ii) the consent attached hereto (the “**Consent**”) executed by each of the Guarantors (other than Digital 720 2nd, LLC).

(b) The representations and warranties of each of the Credit Parties in Section 5 of the Note Agreement shall be correct on and as of the Release Effective Date, immediately before and, in the case of each of the Credit Parties other than Digital 720 2nd, LLC, immediately after giving effect to this Release, as though made on and as of such date (except for any such representation and warranty that, by its terms, refers to an earlier date, in which case such representation and warranty shall be correct as of such earlier date).

(c) No event shall have occurred and be continuing, immediately before or immediately after the effectiveness of this Release, that constitutes a Default.

(d) All of the reasonable out-of-pocket fees and expenses of PIM (including the reasonable fees and expenses of counsel for PIM) due and payable on the Release Effective Date shall have been paid in full.

This Release is subject to the provisions of Section 18 of the Note Agreement.

SECTION 4. Reference to and Effect on the Transaction Documents.

(a) On and after the effectiveness of this Release, each reference in the Note Agreement to “this Agreement”, “hereunder”, “hereof” or words of like import referring to the Note Agreement, and each reference in each of the other Transaction Documents to the “Agreement”, “Note Agreement”, “thereunder”, “thereof” or words of like import referring to the Note Agreement, shall mean and be a reference to the Note Agreement, after giving effect to this Release.

(b) On and after the effectiveness of this Release, each reference in the Note Agreement or other Transaction Document to “Guarantor”, “Guarantors”, “Subsidiary Guarantor”, or “Subsidiary Guarantors” shall mean and be a reference to the applicable term after giving effect to this Release.

(c) The Note Agreement, after giving effect to this Release, is and shall continue to be in full force and effect and is hereby in all respects ratified and confirmed.

(d) Except for the release of Digital 720 2nd, LLC as provided in Section 1 of this Release, the execution, delivery and effectiveness of this Release shall not operate as a waiver of any right, power or remedy of any holder of a Note or PIM under any of the Transaction Documents, nor constitute a waiver of any provision of any of the Transaction Documents.

SECTION 5. Costs and Expenses. The Company agrees to pay on demand all reasonable out-of-pocket costs and expenses of PIM in connection with the preparation, execution, delivery and administration, modification and amendment of this Release and the other instruments and documents to be delivered hereunder (including, without limitation, the reasonable fees and expenses of counsel for PIM) in accordance with the terms of Section 16 of the Note Agreement.

SECTION 6. Execution in Counterparts. This Release may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Release by facsimile or email shall be effective as delivery of a manually executed counterpart of this Release.

SECTION 7. Governing Law. This Release shall be governed by, and construed in accordance with, the laws of the State of New York, excluding any choice-of-law principles of the law of such state that would permit the application of the laws of a jurisdiction other than such state.

*[Balance of page intentionally left blank.]*

IN WITNESS WHEREOF, the parties hereto have caused this Release to be executed by their respective officers thereunto duly authorized, as of the date first above written.

**COMPANY:**

**DIGITAL REALTY TRUST, L.P.**

**By: DIGITAL REALTY TRUST, INC.,**  
its sole general partner

By: /s/ Matt Mercier  
Name: Matt Mercier  
Title: Senior Vice President, Finance

**ACKNOWLEDGED AND AGREED BY RELEASED SUBSIDIARY GUARANTOR:**

**DIGITAL 720 2ND, LLC**

**By: DIGITAL REALTY TRUST, L.P.,**  
its sole member and manager

**By: DIGITAL REALTY TRUST, INC.,**  
its sole general partner

By: /s/ Matt Mercier  
Name: Matt Mercier  
Title: Senior Vice President, Finance

**PURCHASERS:**

**PRUDENTIAL INVESTMENT MANAGEMENT, INC.**

By: /s/ Stephen Domeier  
Name: Stephen Domeier  
Title: Vice President

**THE PRUDENTIAL INSURANCE COMPANY OF AMERICA**

By: /s/ Stephen Domeier  
Name: Stephen Domeier  
Title: Vice President

**PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY**

By: Prudential Investment Management, Inc., as investment manager

By: /s/ Stephen Domeier  
Name: Stephen Domeier  
Title: Vice President

**UNITED OF OMAHA LIFE INSURANCE COMPANY**

By: Prudential Private Placement Investors, L.P. (as Investment Advisor)

By: Prudential Private Placement Investors, Inc. (as its General Partner)

By: /s/ Stephen Domeier  
Name: Stephen Domeier  
Title: Vice President

**PRUCO LIFE INSURANCE COMPANY**

By: /s/ Stephen Domeier  
Name: Stephen Domeier  
Title: Vice President

**UNIVERSAL PRUDENTIAL ARIZONA REINSURANCE COMPANY**

By: Prudential Investment Management, Inc., as investment manager

By: /s/ Stephen Domeier  
Name: Stephen Domeier  
Title: Vice President

**PRUDENTIAL ARIZONA REINSURANCE CAPTIVE COMPANY**

By: Prudential Investment Management, Inc., as investment manager

By: /s/ Stephen Domeier  
Name: Stephen Domeier  
Title: Vice President

**PRUDENTIAL ANNUITIES LIFE ASSURANCE CORPORATION**

By: Prudential Investment Management, Inc., as investment manager

By: /s/ Stephen Domeier  
Name: Stephen Domeier  
Title: Vice President

CONSENT

Dated as of June 30, 2015

Each of the undersigned, as a Guarantor under the Note Agreement referred to in the foregoing Release, hereby consents to such Release and hereby confirms and agrees that notwithstanding the effectiveness of such Release, the Multiparty Guaranty contained in the Note Agreement is and shall continue to be in full force and effect with respect to the undersigned Guarantors and is hereby ratified and confirmed in all respects, except that, on and after the effectiveness of such Release, each reference in the Transaction Documents to the "Agreement", "Note Agreement", "thereunder", "thereof" or words of like import shall mean and be a reference to the Note Agreement, after giving effect to such Release.

**THE GUARANTORS:**

**DIGITAL REALTY TRUST, INC.**

By: /s/ Matt Mercier  
Name: Matt Mercier  
Title: Senior Vice President, Finance

**GLOBAL RIVERSIDE, LLC**

By: **DIGITAL REALTY TRUST, L.P.**,  
its member and manager

By: **DIGITAL REALTY TRUST, INC.**, its sole general partner

By: /s/ Matt Mercier  
Name: Matt Mercier  
Title: Senior Vice President, Finance

**DIGITAL EAST CORNELL, LLC**

By: **DIGITAL REALTY TRUST, L.P.**,  
its member and manager

By: **DIGITAL REALTY TRUST INC.**, its sole general partner

By: /s/ Matt Mercier  
Name: Matt Mercier  
Title: Senior Vice President, Finance

## JOINDER TO MULTIPARTY GUARANTY

**JOINDER**, dated as of June 30, 2015, (this “**Joinder**”), to the Multiparty Guaranty set forth as Section 21 (as amended or otherwise modified from time to time, the “**Multiparty Guaranty**”) to that certain Amended and Restated Note Purchase and Private Shelf Agreement, dated as of November 3, 2011 (as amended or otherwise modified from time to time, the “**Agreement**”), executed by Digital Realty Trust, L.P. (the “**Company**”), the Guarantors party thereto, and the Purchasers party thereto. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Agreement.

1. Pursuant to the Multiparty Guaranty, certain obligations owing by the Company to the holders of Notes under the Agreement and evidenced by the Notes (together with their respective permitted transferees with respect to the Notes and other Transaction Documents, the “**Beneficiaries**”) are guaranteed by the Guarantors.

2. The undersigned Subsidiary of the Company (the “**Additional Guarantor**”) is executing this Joinder in accordance with the requirements of Section 21.7 of the Multiparty Guaranty.

3. The Additional Guarantor by its signature below becomes a Guarantor under the Multiparty Guaranty and the other provisions of the Agreement with the same force and effect as if originally named therein as a Guarantor and the Additional Guarantor hereby (a) agrees to all the terms and provisions of the Agreement applicable to it as a Guarantor thereunder, and (b) represents and warrants that the representations and warranties made by it as a Guarantor set forth in Section 5 of the Agreement are true and correct on and as of the date hereof. Each reference to a Guarantor in the Multiparty Guaranty and the other provisions of the Agreement shall be deemed to include the Additional Guarantor. The Multiparty Guaranty and the other provisions of the Agreement are hereby incorporated herein by reference.

4. The Additional Guarantor represents and warrants to the Beneficiaries that this Joinder has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors’ rights generally, and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5. This Joinder may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed signature page to this Joinder by facsimile or electronic transmission shall be as effective as delivery of a manually-signed original thereof.

6. Except as expressly modified hereby, the Multiparty Guaranty and the other provisions of the Agreement shall remain in full force and effect.

7. Any provision of this Joinder that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions thereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8. This Joinder shall be construed and enforced in accordance with, and the rights of the Additional Guarantor and the Beneficiaries shall be governed by, the internal laws of the State of New York, excluding choice-of-law principles of the law of such state that would permit the application of the laws of a jurisdiction other than such state.

9. All communications and notices hereunder to the Additional Guarantor shall be given to it at the address set forth under its signature below.

**IN WITNESS WHEREOF**, the Additional Guarantor has executed this Joinder by its duly authorized officer as of the day and year first above written.

**DIGITAL EAST CORNELL, LLC**,  
a Delaware limited liability company

By: Digital Realty Trust, L.P.,  
its member

By: Digital Realty Trust, Inc.,  
its general partner

By: /s/ Matt Mercier  
Name: Matt Mercier  
Title: Senior Vice President, Finance

Address: c/o Digital Realty Trust, L.P.  
Four Embarcadero Center, Suite 3200  
San Francisco, CA 94111  
Attn: Monica Lim  
Director, Capital Markets  
Facsimile: (415) 520-9224

**DIGITAL REALTY TRUST, INC.  
2015 EMPLOYEE STOCK PURCHASE PLAN**

**ARTICLE I.  
PURPOSE, SCOPE AND ADMINISTRATION OF THE PLAN**

1.1 Purpose and Scope. The purpose of the Digital Realty Trust, Inc. 2015 Employee Stock Purchase Plan (as amended from time to time, the “Plan”) is to assist employees of Digital Realty, Inc., a Maryland corporation (the “Company”) and its Participating Subsidiaries in acquiring a stock ownership interest in the Company pursuant to a plan which is intended to help such employees provide for their future security and to encourage them to remain in the employment of the Company and its Subsidiaries. The Plan is not intended to qualify as an “employee stock purchase plan” under Section 423 of the Code.

**ARTICLE II. DEFINITIONS**

Whenever the following terms are used in the Plan, they shall have the meaning specified below unless the context clearly indicates to the contrary. The singular pronoun shall include the plural where the context so indicates.

2.1 “Agent” means the brokerage firm, bank or other financial institution, entity or person(s), if any, engaged, retained, appointed or authorized to act as the agent of the Company or an Employee with regard to the Plan.

2.2 “Administrator” shall mean the Committee, or such individuals to which authority to administer the Plan has been delegated under Section 7.1 hereof.

2.3 “Affiliate” shall mean the Company, the Service Company, and Parent or any Subsidiary.

2.4 “Code” shall mean the Internal Revenue Code of 1986, as amended.

2.5 “Committee” shall mean the Compensation Committee of the Board, or another committee or subcommittee of the Board or the Compensation Committee described in Article 7 hereof.

2.6 “Common Stock” shall mean common stock, par value \$0.01, of the Company.

2.7 “Compensation” of an Employee shall mean the regular straight-time earnings, base salary, annual cash bonus, commissions, vacation pay, holiday pay, jury duty pay, funeral leave pay or military pay paid to the Employee from the Company or any Participating Subsidiary or any Affiliate on each Payday as compensation for services to the Company or any Participating Subsidiary or any Affiliate before deduction for any salary deferral contributions made by the Employee to any tax-qualified or nonqualified deferred compensation plan of the Company, any Participating Subsidiary or any Affiliate, including prior week adjustments and overtime, but excluding incentive compensation, one-time bonuses (e.g., retention or sign-on bonuses), fringe benefits (including, without limitation, employer gifts), education or tuition reimbursements, imputed income arising under any Company, Participating Subsidiary or Affiliate group insurance or benefit program, travel expenses, business and moving reimbursements, income received in connection with any stock options, stock appreciation rights, restricted stock, restricted stock units or other compensatory equity awards and all contributions made by the Company, any Participating Subsidiary or any Affiliate for the Employee’s benefit under any employee benefit plan now or hereafter established. Such Compensation shall be calculated before deduction of any income or employment tax withholdings, but shall be withheld from the Employee’s net income.

2.8 “Effective Date” shall mean the date on which the Plan is approved by the Company’s stockholders.

2.9 “Eligible Employee” means an Employee of the Company or any Participating Subsidiary.

2.10 “Employee” shall mean any person who renders services to the Company or a Participating Subsidiary in the status of an employee within the meaning of Section 3401(c) of the Code. “Employee” shall not include any director of the Company or a Participating Subsidiary who does not render services to the Company or a Participating Subsidiary in the status of an employee within the meaning of Section 3401(c) of the Code.

2.11 “Enrollment Date” shall mean the first date of each Offering Period.

2.12 “Exercise Date” shall mean the last Trading Day of each Purchase Period, except as provided in Section 5.2 hereof.

2.13 “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

2.14 “Expiration Date” shall mean the tenth (10<sup>th</sup>) anniversary of the date on which the Plan is initially approved by the stockholders of the Company.

2.15 “Fair Market Value” shall mean, as of any date, the value of a Share determined as follows:

(a) If the Common Stock is (i) listed on any established securities exchange (such as the New York Stock Exchange, the NASDAQ Global Market and the NASDAQ Global Select Market), (ii) listed on any national market system or (iii) listed, quoted or traded on any automated quotation system, its Fair Market Value shall be the closing sales price for a Share as quoted on such exchange or system for such date or, if there is no closing sales price for a Share on the date in question, the closing sales price for a Share on the last preceding date for which such quotation exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(b) If the Common Stock is not listed on an established securities exchange, national market system or automated quotation system, but the Common Stock is regularly quoted by a recognized securities dealer, its Fair Market Value shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked prices for a Share on such date, the high bid and low asked prices for a Share on the last preceding date for which such information exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(c) If the Common Stock is neither listed on an established securities exchange, national market system or automated quotation system nor regularly quoted by a recognized securities dealer, its Fair Market Value shall be established by the Administrator in good faith.

2.16 “Grant Date” shall mean the first Trading Day of an Offering Period.

2.17 “Initial Offering Period” shall mean the period commencing on September 1, 2015, or such later date as determined by the Administrator, and ending on August 31, 2017.

2.18 “New Exercise Date” shall have such meaning as set forth in Section 5.2(b) hereof.

2.19 “Non-U.S. Subsidiary” shall mean shall mean any Subsidiary that is incorporated in, or otherwise organized under the laws of, any jurisdiction outside of the United States.

2.20 “Offering Period” shall mean (i) the Initial Offering Period and (ii) each twenty-four (24)-month period commencing on each September 1 and each March 1 to occur during the term of the Plan following the commencement of the Initial Offering Period, except as otherwise provided under Section 5.3 hereof.

2.21 “Option” shall mean the right to purchase Shares pursuant to the Plan during each Offering Period.

2.22 “Option Price” shall mean the purchase price of a Share hereunder as provided in Section 4.2 hereof.

2.23 “Parent” shall mean any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities ending with the Company if each of the entities other than the Company beneficially owns, at the time of the determination, securities or interests representing more than fifty percent (50%) of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

2.24 “Participant” shall mean any Eligible Employee who elects to participate in the Plan.

2.25 “Participating Subsidiary” shall mean (i) each U.S. Subsidiary and (ii) each Non-U.S. Subsidiary that has been designated by the Board or Committee in its sole discretion as eligible to participate in the Plan in accordance with Section 7.2 hereof, in each case, including any Subsidiary in existence on the Effective Date and any Subsidiary formed or acquired following the Effective Date.

2.26 “Partnership” shall mean Digital Realty Trust, L.P.

2.27 “Payday” shall mean the regular and recurring established day for payment of Compensation to an Employee of the Company or any Participating Subsidiary.

2.28 “Plan Account” shall mean a bookkeeping account established and maintained by the Company in the name of each Participant.

2.29 “Purchase Period” shall mean, with respect to any Offering Period, unless otherwise determined by the Administrator, each approximately six (6)-month period (i) commencing on March 1 and ending on August 31 and (ii) commencing on each September 1 and ending on February 28 (or, if applicable, February 29).

2.30 “REIT” shall mean a real estate investment trust within the meaning of Sections 856 through 860 of the Code.

2.31 “Services Company” shall mean Digital Services, Inc.

2.32 “Share” shall mean a share of Common Stock.

2.33 “Subsidiary” shall mean (a) a corporation, association or other business entity of which fifty percent (50%) or more of the total combined voting power of all classes of capital stock is owned, directly or indirectly, by the Company, the Services Company, the Partnership and/or by one or more Subsidiaries, (b) any partnership or limited liability company of which fifty percent (50%) or more of the equity interests are owned, directly or indirectly, by the Company, the Partnership, the Services Company and/or by one or more Subsidiaries, and (c) any other entity not described in clauses (a) or (b) above of which fifty percent (50%) or more of the ownership and the power (whether voting interests or otherwise), pursuant to a written contract or agreement, to direct the policies and management or the financial and the other affairs thereof, are owned or controlled by the Company, the Partnership, the Services Company and/or by one or more Subsidiaries.

2.34 “Trading Day” shall mean a day on which the principal securities exchange on which the Common Stock is listed is open for trading or, if the Common Stock is not listed on a securities exchange, shall mean a business day, as determined by the Administrator in good faith.

2.35 “U.S. Subsidiary” shall mean any Subsidiary that is incorporated in, or otherwise organized under the laws of, the United States.

2.36 “Withdrawal Election” shall have such meaning as set forth in Section 6.1(a) hereof.

### ARTICLE III.

#### PARTICIPATION

3.1 Eligibility. Any Eligible Employee who shall be employed by the Company or a Participating Subsidiary on a given Enrollment Date for an Offering Period shall be eligible to participate in the Plan during such Offering Period, subject to the requirements of Articles IV and V hereof; provided, however, that an Eligible Employee may not participate in more than one Offering Period at a time, and no Eligible Employee participating in an Offering Period (the “Designated Offering Period”) may participate in any subsequent Offering Period that commences prior to the completion of the Designated Offering Period.

### 3.2 Election to Participate; Payroll Deductions

(a) Except as provided in Section 3.3 hereof, an Eligible Employee may become a Participant in the Plan only by means of payroll deduction. Subject to the proviso of Section 3.1 above, each individual who is an Eligible Employee as of the Enrollment Date of the applicable Offering Period may elect to participate in such Offering Period and the Plan by delivering to the Company a payroll deduction authorization no later than the tenth (10<sup>th</sup>) calendar day prior to the applicable Enrollment Date.

(b) Payroll deductions with respect to an Offering Period (i) shall be equal to at least one percent (1%) of the Participant’s Compensation as of each Payday during the applicable Offering Period, but not more than the lesser of fifteen percent (15%) of the Participant’s Compensation as of each Payday during the applicable Offering Period and (ii) may be expressed either as (A) a whole number percentage or (B) a fixed dollar amount (as determined by the Administrator). Notwithstanding the foregoing, in no event shall the aggregate amount of a Participant’s payroll deductions under the Plan during any calendar year exceed \$25,000. Amounts deducted from a Participant’s Compensation with respect to an Offering Period pursuant to this Section 3.2 shall be deducted each Payday through payroll deduction and credited to the Participant’s Plan Account.

(c) Following at least one (1) payroll deduction, a Participant may decrease (to as low as 0%) the amount deducted from such Participant’s Compensation during an Offering Period upon ten (10) calendar days’ prior written or electronic notice to the Company; provided, however, that a Participant may not decrease the amount deducted more than two (2) times per Purchase Period. A Participant may not increase the amount deducted from such Participant’s Compensation during an Offering Period.

(d) Notwithstanding the foregoing, upon the completion of an Offering Period, each Participant in such Offering Period shall automatically participate in the Offering Period that commences immediately following the completion of such Offering Period at the same payroll deduction percentage as in effect at the completion of the prior Offering Period, unless such Participant delivers to the Company a different election with respect to the successive Offering Period in accordance with Section 3.1 hereof, or unless such Participant becomes ineligible for participation in the Plan.

3.3 Leave of Absence. During leaves of absence approved by the Company meeting the requirements of Treasury Regulation Section 1.421-1(h)(2) under the Code, an individual shall be treated as an Employee of the Company or Participating Subsidiary that employs such individual immediately prior to such leave.

## ARTICLE IV.

### PURCHASE OF SHARES

4.1 Grant of Option. Each Participant shall be granted an Option with respect to an Offering Period on the applicable Grant Date. The number of Shares subject to a Participant’s Option shall be determined as of each applicable Exercise Date occurring such an Offering Period by dividing (a) such Participant’s payroll deductions accumulated prior to such Exercise Date and retained in the Participant’s Plan Account on such Exercise Date by (b) the applicable Option Price; provided that in no event shall a Participant be permitted to purchase during any Offering Period more than two thousand four hundred (2,400) Shares or during any Purchase Period more than six hundred (600) Shares (in each case, subject to any adjustment pursuant to Section 5.2 hereof). The Administrator may, for future Offering Periods and/or Purchase Periods, increase or decrease, in its absolute discretion, the maximum number of Shares that a Participant may purchase during such future Offering Periods and/or Purchase Periods. Each Option shall expire on last Exercise Date to occur during the applicable Offering Period immediately after the automatic exercise

of the Option in accordance with Section 4.3 hereof, unless such Option terminates earlier in accordance with Article 6 hereof.

4.2 Option Price. The Option Price per Share to be paid by a Participant upon exercise of the Participant's Option on each applicable Exercise Date for an Offering Period shall be equal to eighty-five percent (85%) of the lesser of the Fair Market Value of a Share on (a) the applicable Grant Date and (b) such Exercise Date; provided that in no event shall the Option Price per Share be less than the par value per Share.

4.3 Purchase of Shares.

(a) On each Exercise Date occurring during an Offering Period, subject to Participant remaining an Eligible Employee through such Exercise Date, each Participant shall automatically and without any action on such Participant's part be deemed to have exercised his or her Option to purchase at the applicable Option Price the largest number of whole Shares which can be purchased with the amount in the Participant's Plan Account, subject to Sections 4.1 and 5.3 hereof. The balance, if any, remaining in the Participant's Plan Account (after exercise of such Participant's Option) as of such Exercise Date shall be carried forward to the next Purchase Period, unless the Participant has elected to withdraw from the Plan pursuant to Section 6.1 hereof or, pursuant to Section 6.2 hereof, such Participant has ceased to be an Eligible Employee.

(b) As soon as practicable following each applicable Exercise Date (but in no event more than thirty (30) days thereafter), the number of Shares purchased by such Participant pursuant to Section 4.3(a) hereof shall be delivered (either in share certificate or book entry form), in the Company's sole discretion, to either (i) the Participant or (ii) an account established in the Participant's name at a stock brokerage or other financial services firm designated by the Company. If the Company is required to obtain from any commission or agency authority to issue any such Shares, the Company shall seek to obtain such authority. Inability of the Company to obtain from any such commission or agency authority which counsel for the Company deems necessary for the lawful issuance of any such shares shall relieve the Company from liability to any Participant except to refund to the Participant such Participant's Plan Account balance, without interest thereon.

4.4 Transferability of Rights. An Option granted under the Plan shall not be transferable, other than by will or the applicable laws of descent and distribution, and shall be exercisable during the Participant's lifetime only by the Participant. No Option or interest or right to the Option shall be available to pay off any debts, contracts or engagements of the Participant or his or her successors in interest or shall be subject to disposition by pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempt at disposition of the Option shall have no effect.

## ARTICLE V.

### PROVISIONS RELATING TO COMMON STOCK

5.1 Common Stock Reserved. Subject to adjustment as provided in Section 5.2 hereof, the maximum number of Shares that shall be made available for sale under the Plan shall be the sum of (a) 1,356,278 Shares and (b) an annual increase on the first day of each year beginning in 2016 and ending in 2025, equal to the lesser of (i) one percent (1%) of the Shares outstanding (on an as-converted basis) on the last day of the immediately preceding fiscal year and (ii) such smaller number of Shares as may be determined by the Board; provided, however, that no more than 4,407,905 Shares may be issued under the Plan. Shares made available for sale under the Plan may be authorized but unissued shares or reacquired shares reserved for issuance under the Plan.

5.2 Adjustments Upon Changes in Capitalization, Dissolution, Liquidation, Merger or Asset Sale.

(a) Changes in Capitalization. Subject to any required action by the stockholders of the Company, the number of Shares which have been authorized for issuance under the Plan but not yet placed under an Option, as well as the price per share and the number of Shares covered by each Option under the Plan which has not yet been exercised shall be proportionately adjusted for any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock or any other increase or decrease in the number of Shares effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been “effected without receipt of consideration.” Such adjustment shall be made by the Administrator, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an Option.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Offering Period then in progress shall be shortened by setting a new Exercise Date (the “New Exercise Date”), and such Offering Period shall terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Administrator. The New Exercise Date shall be before the date of the Company’s proposed dissolution or liquidation. The Administrator shall notify each Participant in writing, at least ten (10) business days prior to the New Exercise Date, that the next Exercise Date for the Participant’s Option has been changed to the New Exercise Date and that the Participant’s Option shall be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 6.1(a)(i) hereof or the Participant has ceased to be an Eligible Employee as provided in Section 6.2 hereof.

(c) Merger or Asset Sale. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, each outstanding Option shall be assumed or an equivalent Option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the Option is not assumed or substituted, any Offering Periods then in progress shall be shortened by setting a New Exercise Date and any Offering Periods then in progress shall end on the New Exercise Date. The New Exercise Date shall be before the date of the Company’s proposed sale or merger. The Administrator shall notify each Participant in writing, at least ten (10) business days prior to the New Exercise Date, that the next Exercise Date for the Participant’s Option has been changed to the New Exercise Date and that the Participant’s Option shall be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Periods as provided in Section 6.1(a)(i) hereof or the Participant has ceased to be an Eligible Employee as provided in Section 6.2 hereof.

5.3 Insufficient Shares. If the Administrator determines that, on a given Exercise Date, the number of Shares with respect to which Options are to be exercised may exceed the number of Shares remaining available for sale under the Plan on such Exercise Date, the Administrator shall make a pro rata allocation of the Shares available for issuance on such Exercise Date in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all Participants exercising Options to purchase Shares on such Exercise Date, and unless additional shares are authorized for issuance under the Plan, no further Offering Periods shall take place and the Plan shall terminate pursuant to Section 7.5 hereof. If an Offering Period is so terminated, then the balance of the amount credited to the Participant’s Plan Account which has not been applied to the purchase of Shares shall be paid to such Participant in one (1) lump sum in cash within thirty (30) days after such Exercise Date, without any interest thereon.

5.4 Rights as Stockholders. With respect to Shares subject to an Option, a Participant shall not be deemed to be a stockholder of the Company and shall not have any of the rights or privileges of a stockholder. A Participant shall have the rights and privileges of a stockholder of the Company when, but not until, Shares have been deposited in the designated brokerage account following exercise of his or her Option.

## ARTICLE VI.

### TERMINATION OF PARTICIPATION

#### 6.1 Cessation of Contributions; Voluntary Withdrawal.

(a) A Participant may cease payroll deductions during an Offering Period and elect to withdraw from the Plan by delivering written or electronic notice of such election (a “Withdrawal Election”) to the Company in such form as may be established by the Administrator and not later than ten (10) days prior to the final Exercise Date for such Offering Period (or such other period of time as may be established by the Administrator). A Participant electing to withdraw from the Plan may elect to either (i) withdraw all of the funds then credited to the Participant’s Plan Account as of the date on which the Withdrawal Election is received by the Company, in which case amounts credited to such Plan Account shall be returned to the Participant in one (1) lump-sum payment in cash within thirty (30) days after such election is received by the Company, without any interest thereon, and the Participant shall cease to participate in the Plan and the Participant’s Option for such Offering Period shall terminate; or (ii) subject to Section 6.2 below, exercise the Option for the maximum number of whole Shares on the next Exercise Date to occur during the applicable Offering Period with any remaining Plan Account balance returned to the Participant in one (1) lump-sum payment in cash within thirty (30) days after such Exercise Date, without any interest thereon, and after such exercise cease to participate in the Plan. As soon as practicable following the Company’s receipt of a notice of withdrawal from the Plan, the Participant’s payroll deduction authorization and his or her Option to purchase Shares under the Plan shall terminate.

(b) A Participant’s withdrawal from the Plan shall not have any effect upon his or her eligibility to participate in any similar plan which may hereafter be adopted by the Company or in succeeding Offering Periods which commence after the termination of the Offering Periods from which the Participant withdraws.

(c) A Participant who ceases contributions to the Plan during any Offering Periods shall not be permitted to resume contributions to the Plan during such Offering Period.

6.2 Termination of Eligibility. Upon a Participant’s ceasing to be an Eligible Employee for any reason, such Participant’s Option for the applicable Offering Period shall automatically terminate, he or she shall be deemed to have elected to withdraw from the Plan, and such Participant’s Plan Account shall be paid to such Participant or, in the case of his or her death, to the person or persons entitled thereto as set forth in an applicable beneficiary designation form (or, if there is no such applicable form, pursuant to applicable law), within thirty (30) days after such cessation of being an Eligible Employee, without any interest thereon.

### ARTICLE VII.

#### GENERAL PROVISIONS

##### 7.1 Administration.

(a) The Plan shall be administered by the Committee (or another committee or a subcommittee of the Board assuming the functions of the Committee under the Plan), which, unless otherwise determined by the Board, shall consist solely of two or more members of the Board, each of whom is intended to qualify as a “non-employee director” as defined by Rule 16b-3 of the Exchange Act and an “independent director” under the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded, in each case, to the extent required under such provision. The Committee may delegate administrative tasks under the Plan to the services of an Agent and/or Employees to assist in the administration of the Plan, including establishing and maintaining an individual securities account under the Plan for each Participant.

(b) It shall be the duty of the Administrator to conduct the general administration of the Plan in accordance with the provisions of the Plan. The Administrator shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To establish and terminate Offering Periods and Purchase Periods;

(ii) To determine when and how Options shall be granted and the provisions and terms of each Offering Period and Purchase Period (which need not be identical);

(iii) To select those Non-U.S. Subsidiaries that will be Participating Subsidiaries in accordance with Section 7.2 hereof;

and

(iv) To construe and interpret the Plan, the terms of any Offering Period or Purchase Period under the Plan and the terms of the Options and to adopt such rules for the administration, interpretation, and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. The Administrator, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan, any Offering Period, any Purchase Period or any Option, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(c) The Administrator may adopt rules or procedures relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures. Without limiting the generality of the foregoing, the Administrator is specifically authorized to adopt rules and procedures regarding handling of participation elections, payroll deductions, payment of interest, conversion of local currency, payroll tax, withholding procedures and handling of stock certificates which vary with local requirements. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Administrator under the Plan.

(d) The Administrator may adopt sub-plans applicable to particular Participating Subsidiaries or locations. The rules of such sub-plans may take precedence over other provisions of this Plan, with the exception of Section 5.1 hereof, but unless otherwise superseded by the terms of such sub-plan, the provisions of this Plan shall govern the operation of such sub-plan.

(e) All expenses and liabilities incurred by the Administrator in connection with the administration of the Plan shall be borne by the Company. The Administrator may, with the approval of the Committee, employ attorneys, consultants, accountants, appraisers, brokers or other persons. The Administrator, the Company and its officers and directors shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Administrator in good faith shall be final and binding upon all Participants, the Company and all other interested persons. No member of the Board or Administrator shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the options, and all members of the Board or Administrator shall be fully protected by the Company in respect to any such action, determination or interpretation.

7.2 Designation of Participating Subsidiaries. The Board or Committee shall have the right, without the approval of the stockholders of the Company, to designate the Non-U.S. Subsidiaries that shall constitute Participating Subsidiaries from time to time. In addition, the Board or Committee may, without the approval of the stockholders of the Company, terminate the designation of a Subsidiary as a Participating Subsidiary at any time or from time to time.

7.3 Accounts. Individual accounts shall be maintained for each Participant in the Plan.

7.4 No Right to Employment. Nothing in the Plan shall be construed to give any person (including any Participant) the right to remain in the employ of the Company, a Parent or a Subsidiary or to affect the right of the Company, any Parent or any Subsidiary to terminate the employment of any person (including any Participant) at any time, with or without cause, which right is expressly reserved.

7.5 Amendment, Suspension and Termination of the Plan

(a) The Board may, in its sole discretion, amend, suspend or terminate the Plan at any time and from time to time; provided, however, that without approval of the Company's stockholders given within twelve (12) months before or after action by the Board, the Plan may not be amended to increase the maximum number of Shares subject to the Plan or in any other manner that requires the approval of the Company's stockholders under applicable law or applicable stock exchange rules or regulations. No Option may be granted during any period of suspension of the Plan or after termination of the Plan. For the avoidance of doubt, without the approval of the Company's

stockholders and without regard to whether any Participant rights may be considered to have been “adversely affected,” the Board or the Committee, as applicable, shall be entitled to change the terms of an Offering Period, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company’s processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Shares for each Participant properly correspond with amounts withheld from the Participant’s Compensation, and establish such other limitations or procedures as the Board or the Committee, as applicable, determines in its sole discretion advisable which are consistent with the Plan.

(b) In the event the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Administrator may, in its discretion and, to the extent necessary or desirable, modify or amend the Plan to reduce or eliminate such accounting consequence including, but not limited to:

- (i) altering the Option Price for any Offering Period including an Offering Period underway at the time of the change in Option Price;
- (ii) shortening any Offering Period and/or Purchase Period so that the Offering Period and/or Purchase Period ends on a new Exercise Date, including an Offering Period and/or Purchase Period underway at the time of the Administrator action; and
- (iii) allocating Shares.

Such modifications or amendments shall not require stockholder approval or the consent of any Participant.

(c) Upon termination of the Plan, the balance in each Participant’s Plan Account shall be refunded as soon as practicable after such termination, without any interest thereon.

7.6 Use of Funds; No Interest Paid. All funds received by the Company by reason of purchase of Shares under the Plan shall be included in the general funds of the Company free of any trust or other restriction and may be used for any corporate purpose. No interest shall be paid to any Participant or credited under the Plan.

7.7 Term; Approval by Stockholders. The Plan shall be submitted for the approval of the Company’s stockholders within twelve (12) months after the date of the Board’s initial adoption of the Plan. Options may be granted prior to such stockholder approval; provided, however, that such Options shall not be exercisable prior to the time when the Plan is approved by the stockholders; provided further that if such approval has not been obtained by the end of said twelve (12)-month period, all Options previously granted under the Plan shall thereupon terminate and be canceled and become null and void without being exercised. The Plan shall terminate upon the expiration of the Purchase Period during which Expiration Date occurs, unless earlier terminated in accordance with Sections 5.3 or 7.5 hereof or unless the Company’s stockholders do not approve the Plan in accordance with this Section 7.7. For the avoidance of doubt, the Purchase Period during which the Expiration Date occurs shall continue in effect until the expiration of such Purchase Period, but no new Offering Periods or Purchase Periods shall commence on or following the Expiration Date.

7.8 Effect Upon Other Plans. The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company, any Parent or any Subsidiary. Nothing in the Plan shall be construed to limit the right of the Company, any Parent or any Subsidiary (a) to establish any other forms of incentives or compensation for Employees of the Company or any Parent or any Subsidiary or (b) to grant or assume Options otherwise than under the Plan in connection with any proper corporate purpose, including, but not by way of limitation, the grant or assumption of options in connection with the acquisition, by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, firm or association.

7.9 Conformity to Securities Laws. Notwithstanding any other provision of the Plan, the Plan and the participation in the Plan by any individual who is then subject to Section 16 of the Exchange Act shall be subject to any additional limitations set forth in any applicable exemption rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, the Plan shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

7.10 Tax Withholding. The Company or any Parent or any Subsidiary shall be entitled to require payment in cash or deduction from other compensation payable to each Participant of any sums required by federal, state or local tax law to be withheld with respect to any purchase of Shares under the Plan or any sale of such shares.

7.11 Governing Law. The Plan and all rights and obligations thereunder shall be construed and enforced in accordance with the laws of the State of Delaware.

7.12 Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof (including without limitation the Company's stock plan administrator).

7.13 Conditions To Issuance of Shares.

(a) Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates or make any book entries evidencing Shares pursuant to the exercise of an Option by a Participant, unless and until the Board or the Committee has determined, with advice of counsel, that the issuance of such Shares is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any securities exchange or automated quotation system on which the Shares are listed or traded, and the Shares are covered by an effective registration statement or applicable exemption from registration. In addition to the terms and conditions provided herein, the Board or the Committee may require that a Participant make such reasonable covenants, agreements, and representations as the Board or the Committee, in its discretion, deems advisable in order to comply with any such laws, regulations or requirements.

(b) All certificates for Shares delivered pursuant to the Plan and all Shares issued pursuant to book entry procedures are subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with federal, state or foreign securities or other laws, rules and regulations and the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded. The Committee may place legends on any certificate or book entry evidencing Shares to reference restrictions applicable to the Shares.

(c) The Committee shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Option, including a window-period limitation, as may be imposed in the sole discretion of the Committee.

(d) Notwithstanding any other provision of the Plan, unless otherwise determined by the Committee or required by any applicable law, rule or regulation, the Company may, in lieu of delivering to any Participant certificates evidencing Shares issued in connection with any Option, record the issuance of Shares in the books of the Company (or, as applicable, its transfer agent or stock plan administrator).

7.14 REIT Status. The Plan shall be interpreted and construed in a manner consistent with the Company's status as a REIT. No Option shall be granted or awarded, and with respect to any Option granted under the Plan, such Option shall not be exercised, exercisable or settled:

(a) to the extent that the grant, exercise or settlement of such Option could cause the Participant or any other person to be in violation of the Common Stock Ownership Limit or the Aggregate Stock

Ownership Limit (each as defined in the Company's charter, as amended from time to time) or any other provision of Section 6.2.1 of the Company's charter; or

(b) if, in the discretion of the Administrator, the grant, exercise or settlement of such Option could impair the Company's status as a REIT.

7.15 Section 409A. Neither the Plan nor any Option granted hereunder is intended to constitute or provide for "nonqualified deferred compensation" within the meaning of Section 409A of the Code and the Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance issued after the Effective Date (together, "Section 409A"). Notwithstanding any provision of the Plan to the contrary, if the Administrator determines that any Option may be or become subject to Section 409A of the Code, the Administrator may adopt such amendments to the Plan and/or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions as the Administrator determines are necessary or appropriate to avoid the imposition of taxes under Section 409A of the Code, either through compliance with the requirements of Section 409A of the Code or with an available exemption therefrom.

\* \* \* \* \*

I hereby certify that the foregoing Digital Realty Trust, Inc. 2015 Employee Stock Purchase Plan was duly approved by the Board of Directors of Digital Realty Trust, Inc. on May 11, 2015.

I hereby certify that the foregoing Digital Realty Trust, Inc. 2015 Employee Stock Purchase Plan was duly approved by the stockholders of Digital Realty Trust, Inc. on May 11, 2015.

Executed on this 11th day of May 2015.

/s/ Joshua A. Mills  
Joshua A. Mills  
Senior Vice President, General Counsel, & Secretary

**SETTLEMENT AGREEMENT AND GENERAL RELEASE**

This Settlement Agreement and General Release (the "Agreement") is made by and between Digital Realty Trust, Inc., Digital Realty Trust, L.P. and DLR, LLC (collectively, the "Company") and Michael F. Foust ("Executive"), effective as of the date of execution (the "Effective Date") with reference to the following facts:

A. Executive was employed by the Company as Chief Executive Officer pursuant to the terms of an employment agreement dated August 7, 2008, and later amendment dated December 24, 2008 (together, the "Employment Agreement").

B. Executive signed the Company's Proprietary Information and Inventions Assignment Agreement on April 6, 2009 (the "PIIAA").

C. Executive's position as a Chief Executive Officer was terminated by the Company without cause effective March 17, 2014 and Executive signed a General Release dated March 18, 2014.

D. The Company contends, and Executive denies, that Executive did not adhere to certain post-employment obligations contained in the Employment Agreement, PIIAA and General Release, and that Executive tortiously interfered with the Company's operations in the Asia-Pacific region. The Company withheld from Executive certain cash severance benefits and cancelled 127,644 Profits Interest Units ("PIUs") that had vested in connection with the termination without cause of Executive's employment based on the alleged breaches and conduct.

E. Executive contends, and the Company denies, that the Company breached the Employment Agreement, violated the California Labor Code and acted tortiously by withholding severance benefits and cancelling the PIUs.

F. The Company filed an action, and Executive filed cross-claims, in the California Superior Court for the City and County of San Francisco, *Digital Realty Trust, Inc. et al. v. Michael F. Foust*, Case No. CGC-14-542455 (the "Litigation").

G. Executive and the Company participated in a confidential mediation led by Honorable William J. Cahill (Ret.) on July 22, 2015, and reached agreement on terms to resolve all disputes between them without resort to further litigation as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the parties agree as follows:

1. This Agreement is entered into for purposes of settlement and compromise only. Neither this Agreement nor anything contained herein, nor any act or thing done in connection herewith, is intended to be or shall be construed or deemed to be an admission or presumption by the Company or Executive of liability, fault, or wrongdoing, or an admission or presumption by the Company or Executive of any fact, allegation, claim, or defense whatsoever.

2. Settlement Payment and Benefits; Executive's Continuing Obligations. Without admission of any liability, fact or claim, the Company hereby agrees to provide Executive the payments and benefits, and Executive confirms his continuing obligations, as set forth below. Specifically, the Company and Executive agree as follows:

(a) *Severance Payment*. Executive shall be entitled to receive severance pay in the amount of \$8,000,000 (eight million dollars) (the "Payment"), less applicable tax withholding. The Payment shall be made no later than 14 (fourteen) calendar days after the Effective Date.

(b) *Executive's Continuing Obligations*. Executive agrees that he is bound by his continuing obligations under Section 8 of this Agreement, the Employment Agreement and Sections 1(a) and 1(b) of the PIIAA, and that Executive's acknowledgment of such continuing obligations is a material part of the consideration for entering into this Agreement.

(c) *Attorneys' Fees and Costs.* The Company and Executive shall each bear its or his attorneys' fees and costs expended in the Litigation.

(d) *Taxes.* Executive understands and agrees that all payments under this Agreement will be subject to appropriate tax withholding and other deductions. To the extent any taxes may be payable by Executive for the benefits provided to him by this Agreement beyond those withheld by the Company, Executive agrees to pay them himself.

3. Full Payment. Executive acknowledges that the payments and arrangements herein shall constitute full and complete satisfaction of any and all amounts properly due and owing to Executive as a result of his employment with the Company and the termination thereof. For the avoidance of doubt, this Agreement shall have no effect on Executive's interests in or rights to any Company securities, including any vested profits interest units or common stock, owned by Executive, other than the PIUs as defined in Recital D.

4. Dismissal of the Litigation. Within 30 (thirty) days of the Payment, the Company and Executive shall dismiss with prejudice the complaint and cross-complaint, as amended, filed in the Litigation, and the Litigation in its entirety.

5. Executive's Release of the Company. Executive understands that by agreeing to the release provided by this Section 5, Executive is agreeing not to sue, or otherwise file any claim against, the Company or any of its directors, executives, employees or other agents for any reason whatsoever based on anything that has occurred as of the date Executive signs this Agreement.

(a) On behalf of Executive and Executive's heirs and assigns, Executive hereby releases and forever discharges the "Company Releasees" hereunder, consisting of the Company, and each of its past and present owners, employees, affiliates, divisions, predecessors, successors, heirs, assigns, agents, directors, officers, partners, executives, shareholders, representatives, lawyers, insurers, and all persons acting by, through, under or in concert with them, or any of them, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, loss, cost or expense, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter called "Claims"), which Executive now has or may hereafter have against the Company Releasees, or any of them, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date hereof, including, without limiting the generality of the foregoing, all Claims asserted or that could have been asserted by Executive in the Litigation; Claims arising out of, based upon, or relating in any manner to Executive's Employment Agreement, General Release, hire, employment, remuneration, equity grants, failure to grant to Executive equity or debt to which he claims he was entitled, or termination of the Executive's employment by the Company Releasees, or any of them; Claims arising under federal, state, or local laws relating to employment, and Claims of any kind that may be brought in any court or administrative agency, including but not limited to any Claims arising under federal laws governing discrimination, harassment and retaliation based upon the exercise of protected conduct; the California Labor Code; the employment and civil rights laws of California; Claims for breach of contract; Claims arising in tort, including, without limitation, Claims of wrongful dismissal or discharge, discrimination, harassment, retaliation, misrepresentation, defamation, libel, infliction of emotional distress, violation of public policy, and/or breach of the implied covenant of good faith and fair dealing; and Claims for damages or other remedies of any sort, including, without limitation, compensatory damages, punitive damages, injunctive relief and attorney's fees.

(b) Notwithstanding the generality of the foregoing, Executive does not release his rights under this Agreement, his rights of advancement or indemnification, if any, under any applicable charters, bylaws or other organizing documents of the Company or any affiliate thereof, or any Claims that cannot be released as a matter of law, including Executive's rights of advancement or indemnification, if any, under California Labor Code Section 2802, or Executive's right to communicate directly with, cooperate with, or provide information to, any federal, state or local government regulator; provided, however, without limiting any right Executive may have to advancement and indemnity as referenced in or pursuant to this Section 5(b), Executive does release to

the extent permitted by law his right to secure any payment from the Company as a result of such communication or cooperation.

6. The Company's Release of Executive. The Company voluntarily releases and discharges Executive and his heirs, successors, partners, lawyers, insurers, administrators, representatives and assigns, and all persons acting by, through, under or in concert with them, or any of them (the "Executive Releasees") from all Claims which the Company now has or may hereafter have against the Executive Releasees, or any of them, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date hereof, including, without limiting the generality of the foregoing, all Claims asserted by the Company, or that could have been asserted, in the Litigation. Notwithstanding the generality of the foregoing, the Company does not release its rights under this Agreement.

7. EXECUTIVE AND THE COMPANY EACH ACKNOWLEDGE THAT HE OR IT HAS BEEN ADVISED OF AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

**"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH, IF KNOWN BY HIM OR HER, MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."**

BEING AWARE OF SAID CODE SECTION, EXECUTIVE AND THE COMPANY HEREBY EXPRESSLY WAIVE ANY RIGHTS HE OR IT MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

8. Additional Covenants. Executive and the Company further agree as follows:

(a) *Non-Disparagement.* Executive agrees that he shall not disparage, criticize or defame the Company, its affiliates and their respective officers, directors, business or services. Nothing in this Section 8(a) shall have application to any evidence or testimony required by any court, arbitrator or government agency. The Company agrees that its Section 16 officers and members of its Board of Directors as of the Effective Date, or who become Section 16 officers or members of its Board of Directors within twelve (12) months thereafter, shall not disparage, criticize or defame Executive, either publicly or privately for so long as such individuals remain members of the Board of Directors and Section 16 officers of the Company.

(b) *No Tax Advice.* In signing this Agreement, Executive acknowledges that neither the Company nor the mediator, nor any of their agents or employees has served as an attorney or tax advisor to Executive.

9. Representations.

(a) *Executive Representations.* Executive warrants and represents that (i) other than the Demand for Arbitration filed by him on October 16, 2014 and the Cross-Complaint filed by him in the Litigation, he has not filed or authorized the filing of any complaints, charges or lawsuits against the Company or any released party with any governmental agency or court, and that if, unbeknownst to Executive such a complaint, charge or lawsuit has been filed on his behalf, he will immediately cause it to be withdrawn and dismissed, (ii) the execution, delivery and performance of this Agreement by Executive does not and will not conflict with, breach, violate or cause a default under any agreement, contract or instrument to which Executive is a party or any judgment, order or decree to which Executive is subject, and (iii) upon the execution and delivery of this Agreement by Executive, this Agreement will be a valid and binding obligation of Executive, enforceable in accordance with its terms.

(b) *Company Representations.* The Company warrants and represents that (i) other than the Complaint filed by it in the Litigation, it has not filed or authorized the filing of any complaints, charges or lawsuits against the Executive or any released party with any governmental

agency or court, and that if, unbeknownst to the Company such a complaint, charge or lawsuit has been filed on its behalf, it will immediately cause it to be withdrawn and dismissed, (ii) the execution, delivery and performance of this Agreement by the Company does not and will not conflict with, breach, violate or cause a default under any agreement, contract or instrument to which the Company is a party or any judgment, order or decree to which the Company is subject, (iii) the person signing this Agreement on behalf of the Company has authority to execute this Agreement and thereby to bind the Company; and (iv) upon the execution and delivery of this Agreement by the Company, this Agreement will be a valid and binding obligation of the Company, enforceable in accordance with its terms.

10. Assumption of Risk of Difference in Facts. The Company and Executive acknowledge that if the facts with respect to which this Agreement or the matters that are the subject of this Agreement are found hereafter to be different from the facts now believed by them to be true, they expressly accept and assume the risk of such possible differences in facts and agree that this Agreement will be and will remain effective notwithstanding such differences in facts.

11. Intervening Change in Law. The Company and Executive intend to be bound by this Agreement regardless of any intervening change in applicable Law.

12. No Assignment. Executive and the Company warrant and represent that no portion of any of the matters released herein, and no portion of any recovery or settlement to which Executive or the Company might be entitled, has been assigned or transferred to any other person, firm or corporation not a party to this Agreement, in any manner, including by way of subrogation or operation of law or otherwise. If any claim, action, demand or suit should be made or instituted against the Company, Executive or any other released party because of any actual assignment, subrogation or transfer by Executive or the Company, Executive and the Company agree to indemnify and hold harmless the aggrieved party against such claim, action, suit or demand, including necessary expenses of investigation, attorneys' fees and costs.

13. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of California without regard to any conflicts of laws provisions of any state.

14. Entire Agreement. This Agreement constitutes the entire agreement between the parties with regard to the subject matter hereof. This Agreement may be modified only in writing, and such writing must be signed by Executive and the Senior Vice President and General Counsel of the Company and recite that it is intended to modify this Agreement. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

(Signature page(s) follow)

IN WITNESS WHEREOF, the undersigned have caused this Settlement Agreement and General Release to be duly executed and delivered as of the date indicated next to their respective signatures below.

MICHAEL F. FOUST

DATED: July 22, 2015      By: /s/ Michael F. Foust  
Michael F. Foust

DIGITAL REALTY TRUST, INC., DIGITAL REALTY TRUST, L.P., AND DLR, LLC

DATED: July 22, 2015      By: /s/ Joshua A. Mills  
Joshua A. Mills  
Senior Vice President, General Counsel  
Digital Realty Trust, Inc., Digital Realty Trust, L.P., and DLR, LLC

**Digital Realty Trust, Inc. and Subsidiaries**  
**Statement of Computation of Ratios**  
(in thousands, except ratios)

	Six Months Ended June 30,		Year Ended December 31,				
	2015	2014	2014	2013	2012	2011	2010
Income from continuing operations before noncontrolling interests	\$ 260,322	\$ 108,049	\$ 203,415	\$ 320,449	\$ 216,047	\$ 162,126	\$ 105,412
Interest expense	91,580	96,520	191,085	189,399	157,108	149,350	137,384
Interest within rental expense <sup>(1)</sup>	2,989	2,644	5,393	7,687	3,410	2,847	2,604
Noncontrolling interests in consolidated joint ventures	(225)	(232)	(465)	(595)	444	324	288
Earnings available to cover fixed charges	\$ 354,666	\$ 206,981	\$ 399,428	\$ 516,940	\$ 377,009	\$ 314,647	\$ 245,688
Fixed charges:							
Interest expense	\$ 91,580	\$ 96,520	\$ 191,085	\$ 189,399	\$ 157,108	\$ 149,350	\$ 137,384
Interest within rental expense <sup>(1)</sup>	2,989	2,644	5,393	7,687	3,410	2,847	2,604
Capitalized interest	7,501	10,200	20,373	26,277	21,456	17,905	10,241
Total fixed charges	102,070	109,364	216,851	223,363	181,974	170,102	150,229
Preferred stock dividends	36,911	30,555	67,465	42,905	38,672	25,397	37,004
Fixed charges and preferred stock dividends	\$ 138,981	\$ 139,919	\$ 284,316	\$ 266,268	\$ 220,646	\$ 195,499	\$ 187,233
Ratio of earnings to fixed charges	3.47	1.89	1.84	2.31	2.07	1.85	1.64
Ratio of earnings to fixed charges and preferred stock dividends	2.55	1.48	1.40	1.94	1.71	1.61	1.31

(1) Interest within rental expense represents one-third of rental expense (the approximate portion of rental expense representing interest).

**Digital Realty Trust, L.P. and Subsidiaries**  
**Statement of Computation of Ratios**  
(in thousands, except ratios)

	Six Months Ended June 30,		Year Ended December 31,				
	2015	2014	2014	2013	2012	2011	2010
Income from continuing operations before noncontrolling interests	\$ 260,322	\$ 108,049	\$ 203,415	\$ 320,449	\$ 216,047	\$ 162,126	\$ 105,412
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Fixed charges:							
Interest expense	\$ 91,580	\$ 96,520	\$ 191,085	\$ 189,399	\$ 157,108	\$ 149,350	\$ 137,384
Interest within rental expense <sup>(1)</sup>	2,989	2,644	5,393	7,687	3,410	2,847	2,604
Capitalized interest	7,501	10,200	20,373	26,277	21,456	17,905	10,241
Total fixed charges	102,070	109,364	216,851	223,363	181,974	170,102	150,229
Preferred unit distributions	36,911	30,555	67,465	42,905	38,672	25,397	37,004
Fixed charges and preferred unit distributions	\$ 138,981	\$ 139,919	\$ 284,316	\$ 266,268	\$ 220,646	\$ 195,499	\$ 187,233
Ratio of earnings to fixed charges	3.47	1.89	1.84	2.31	2.07	1.85	1.64
Ratio of earnings to fixed charges and preferred unit distributions	2.55	1.48	1.40	1.94	1.71	1.61	1.31

(1) Interest within rental expense represents one-third of rental expense (the approximate portion of rental expense representing interest).

**Certification of Chief Executive Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, A. William Stein, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Digital Realty Trust, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 6, 2015

By: \_\_\_\_\_  
/s/ A. WILLIAM STEIN  
A. William Stein  
Chief Executive Officer  
(Principal Executive Officer)



**Certification of Chief Executive Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, A. William Stein, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Digital Realty Trust, L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 6, 2015

By: \_\_\_\_\_  
/s/ A. WILLIAM STEIN  
A. William Stein  
Chief Executive Officer  
(Principal Executive Officer)  
Digital Realty Trust, Inc., sole general partner of  
Digital Realty Trust, L.P.



**Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as  
Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Digital Realty Trust, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

- (i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2015 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Dated: August 6, 2015

/s/ A. WILLIAM STEIN

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A. William Stein  
Chief Executive Officer  
(Principal Executive Officer)

Pursuant to Securities and Exchange Commission Release 33-8238, dated June 5, 2003, this certification is being furnished and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or incorporated by reference in any registration statement of the Company filed under the Securities Act of 1933, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as  
Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Digital Realty Trust, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

- (i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2015 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Dated: August 6, 2015

/s/ ANDREW P. POWER

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Andrew P. Power  
Chief Financial Officer  
(Principal Financial Officer)

Pursuant to Securities and Exchange Commission Release 33-8238, dated June 5, 2003, this certification is being furnished and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or incorporated by reference in any registration statement of the Company filed under the Securities Act of 1933, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as  
Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Digital Realty Trust, Inc., in its capacity as the sole general partner of Digital Realty Trust, L.P. (the "Operating Partnership"), hereby certifies, to such officer's knowledge, that:

- (i) the accompanying Quarterly Report on Form 10-Q of the Operating Partnership for the quarterly period ended June 30, 2015 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership at the dates and for the periods indicated.

Dated: August 6, 2015

/s/ A. WILLIAM STEIN

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A. William Stein

Chief Executive Officer

(Principal Executive Officer)

Digital Realty Trust, Inc., sole general partner of

Digital Realty Trust, L.P.

Pursuant to Securities and Exchange Commission Release 33-8238, dated June 5, 2003, this certification is being furnished and shall not be deemed filed by the Operating Partnership for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or incorporated by reference in any registration statement of the Operating Partnership filed under the Securities Act of 1933, as amended.

A signed original of this written statement required by Section 906 has been provided to the Operating Partnership and will be retained by the Operating Partnership and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as  
Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Digital Realty Trust, Inc., in its capacity as the sole general partner of Digital Realty Trust, L.P. (the "Operating Partnership"), hereby certifies, to such officer's knowledge, that:

- (i) the accompanying Quarterly Report on Form 10-Q of the Operating Partnership for the quarterly period ended June 30, 2015 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership at the dates and for the periods indicated.

Dated: August 6, 2015

/s/ ANDREW P. POWER

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Andrew P. Power  
Chief Financial Officer  
(Principal Financial Officer)  
Digital Realty Trust, Inc., sole general partner of  
Digital Realty Trust, L.P.

Pursuant to Securities and Exchange Commission Release 33-8238, dated June 5, 2003, this certification is being furnished and shall not be deemed filed by the Operating Partnership for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or incorporated by reference in any registration statement of the Operating Partnership filed under the Securities Act of 1933, as amended.

A signed original of this written statement required by Section 906 has been provided to the Operating Partnership and will be retained by the Operating Partnership and furnished to the Securities and Exchange Commission or its staff upon request.