



## QTS REALTY TRUST, INC.

12851 Foster Street  
Overland Park, Kansas 66213

March 19, 2014

Dear Stockholder:

You are cordially invited to the 2014 Annual Meeting of Stockholders (the "Annual Meeting") of QTS Realty Trust, Inc. to be held on Tuesday, May 6, 2014 at 8:30 a.m., Central Time. The Annual Meeting will be held at our corporate headquarters located at 12851 Foster Street, Overland Park, Kansas 66213.

At the Annual Meeting, you will be asked to (i) elect eight directors to our Board of Directors, (ii) ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2014, and (iii) transact such other business as may properly come before the Annual Meeting or any postponements or adjournments thereof. The accompanying Notice of 2014 Annual Meeting of Stockholders describes these matters.

We have elected to provide access to our proxy materials on the Internet under the U.S. Securities and Exchange Commission's "notice and access" rules, instead of mailing printed copies of those materials to each stockholder. Our proxy materials are available at [www.proxyvote.com](http://www.proxyvote.com). We have sent to our stockholders a Notice of Internet Availability of Proxy Materials that provides instructions on how to access our proxy materials on the Internet. Please read the enclosed information carefully before submitting your proxy.

The Board of Directors appreciates and encourages your participation in the Annual Meeting. Whether or not you plan to attend the Annual Meeting, it is important that your shares be represented. Accordingly, please vote your shares. If you do attend the Annual Meeting, you may withdraw your proxy and vote in person.

Sincerely,

A handwritten signature in black ink, appearing to read "Chad L. Williams", written in a cursive style.

Chad L. Williams

*Chairman and Chief Executive Officer*



## QTS REALTY TRUST, INC.

12851 Foster Street  
Overland Park, Kansas 66213

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### NOTICE OF 2014 ANNUAL MEETING OF STOCKHOLDERS To be Held on May 6, 2014

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To the Stockholders of QTS Realty Trust, Inc.:

NOTICE IS HEREBY GIVEN that the 2014 Annual Meeting of Stockholders (the "Annual Meeting") of QTS Realty Trust, Inc., a Maryland corporation, will be held at our corporate headquarters located at 12851 Foster Street, Overland Park, Kansas 66213 on Tuesday, May 6, 2014, at 8:30 a.m., Central Time, for the following purposes:

1. To elect eight directors to the Board of Directors to serve until the 2015 Annual Meeting of Stockholders and until their successors have been duly elected and qualified;
2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014; and
3. To transact such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof.

We know of no other matters to come before the Annual Meeting. Only holders of record of shares of our common stock at the close of business on March 10, 2014 are entitled to notice of and to vote at the Annual Meeting or at any adjournments or postponements thereof.

Regardless of the number of shares of stock you hold, as a stockholder your role is very important, and the Board of Directors strongly encourages you to exercise your right to vote. Pursuant to the U.S. Securities and Exchange Commission's "notice and access" rules, our Proxy Statement and 2013 Annual Report to Stockholders are available online at [www.proxyvote.com](http://www.proxyvote.com).

By Order of the Board of Directors,

A handwritten signature in black ink that reads "Shirley E. Goza". The signature is written in a cursive, flowing style.

Shirley E. Goza  
*Secretary and General Counsel*

March 19, 2014  
Overland Park, Kansas

**WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, YOU ARE URGED TO VOTE BY INTERNET, BY TELEPHONE, OR BY MAIL BY COMPLETING, DATING AND SIGNING THE ACCOMPANYING PROXY CARD AND RETURNING IT PROMPTLY IN THE POSTAGE-PAID ENVELOPE PROVIDED. IF YOU ATTEND THE MEETING, YOU MAY WITHDRAW YOUR PROXY AND VOTE IN PERSON.**

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# QTS REALTY TRUST, INC.

12851 Foster Street  
Overland Park, Kansas 66213

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## PROXY STATEMENT

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### ABOUT THE MEETING

#### **Why am I receiving this Proxy Statement?**

This Proxy Statement is furnished by the Board of Directors (the “Board”) of QTS Realty Trust, Inc. in connection with the Board’s solicitation of proxies for the 2014 Annual Meeting of Stockholders of QTS Realty Trust, Inc. (the “Annual Meeting”) to be held on Tuesday, May 6, 2014, at 8:30 a.m., Central Time, at our corporate headquarters located at 12851 Foster Street, Overland Park, Kansas 66213, and at any adjournments or postponements thereof. This Proxy Statement will first be made available to stockholders on or about March 19, 2014. Unless the context requires otherwise, references in this Proxy Statement to “QTS,” “we,” “our,” “us” and the “Company” refer to QTS Realty Trust, Inc., a Maryland corporation, together with its consolidated subsidiaries.

#### **Why didn’t I automatically receive a paper copy of the Proxy Statement, proxy card and Annual Report?**

Pursuant to rules adopted by the U.S. Securities and Exchange Commission (the “SEC”), we have elected to provide access to our proxy materials via the Internet. Accordingly, rather than paper copies of our proxy materials, we are sending a Notice of Internet Availability of Proxy Materials (the “Proxy Notice”) to our stockholders.

#### **How can I receive electronic access to the proxy materials?**

The Proxy Notice includes instructions on how to access our proxy materials over the Internet at [www.proxyvote.com](http://www.proxyvote.com) and how to request a printed set of the proxy materials by mail or an electronic set of materials by e-mail.

In addition, stockholders may request to receive future proxy materials in printed form, by mail or electronically by e-mail on an ongoing basis. Choosing to receive future proxy materials by e-mail will save the Company the cost of printing and mailing documents to you and will reduce the environmental impact of our Annual Meeting. If you choose to receive future proxy materials by e-mail, you will receive an e-mail next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive future proxy materials by e-mail will remain in effect until you terminate it.

### **What am I being asked to vote on?**

You are being asked to vote on the following proposals:

- **Proposal 1 (Election of Directors):** The election of the eight director nominees to the Board to serve until the 2015 Annual Meeting of Stockholders and until their successors have been duly elected and qualify; and
- **Proposal 2 (Ratification of the appointment of Ernst & Young LLP):** The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2014.

Our Board knows of no other matters to be brought before the Annual Meeting.

### **What are the Board's voting recommendations?**

The Board recommends that you vote as follows:

- **Proposal 1 (Election of Directors):** **"FOR"** each of the Board's nominees for election as directors; and
- **Proposal 2 (Ratification of the appointment of Ernst & Young LLP):** **"FOR"** ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2014.

### **Who is entitled to vote at the Annual Meeting?**

The close of business on March 10, 2014 has been fixed as the record date (the "Record Date") for the determination of stockholders entitled to receive notice of and to vote at the Annual Meeting. Only holders of record of our Class A common stock and Class B common stock (collectively, "common stock") as of the close of business on the Record Date are entitled to receive notice of, to attend, and to vote at the Annual Meeting. On the Record Date, our outstanding voting securities consisted of 28,883,774 shares of Class A common stock and 133,000 shares of Class B common stock.

### **What are the voting rights of stockholders?**

Each share of Class A common stock is entitled to one vote on each matter to be voted on. Each share of Class B common stock is entitled to fifty votes on each matter to be voted on. Class A common stockholders and Class B common stockholders vote together as one class. Votes may not be cumulated.

### **How do I vote?**

If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A., you are considered the stockholder of record with respect to those shares, and the Proxy Notice was sent directly to you by us. In that case, you may instruct the proxy holders named in the proxy card how to vote your shares of common stock in one of the following ways:

- **Vote online.** You can access proxy materials and vote at [www.proxyvote.com](http://www.proxyvote.com). To vote online, you must have a stockholder identification number provided in the Proxy Notice.
- **Vote by telephone.** If you received printed materials, you also have the option to vote by telephone by following the "Vote by Phone" instructions on the proxy card.
- **Vote by regular mail.** If you received printed materials and would like to vote by mail, then please mark, sign and date your proxy card and return it promptly in the postage-paid envelope provided.

If your shares are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization, then you are the beneficial owner of shares held in “street name,” and the Proxy Notice was forwarded to you by that organization. As a beneficial owner, you have the right to instruct that organization on how to vote the shares held in your account. You should instruct your broker or nominee how to vote your shares by following the voting instructions provided by your broker or nominee. If you request printed copies of the proxy materials by mail, you will receive a vote instruction form for this purpose.

### **How are proxy card votes counted?**

Proxies submitted properly via one of the methods discussed above will be voted in accordance with the instructions contained therein. If the proxy is submitted but voting directions are not made, the proxy will be voted “FOR” each of the eight director nominees and “FOR” the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014, and in such manner as the proxy holders named on the proxy (the “Proxy Agents”), in their discretion, determine upon such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

If your shares of common stock are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization, under applicable rules of the New York Stock Exchange (the “NYSE”) (the exchange on which our Class A common stock is traded), the brokers will vote your shares according to the specific instructions they receive from you. If brokers that hold shares of our common stock for a beneficial owner do not receive voting instructions from that owner at least 10 days prior to the Annual Meeting, the broker may vote only on the proposal if it is considered a “routine” matter under the NYSE’s rules. On non-routine matters, nominees do not have discretionary voting power and cannot vote without instructions from the beneficial owners, resulting in a so-called “broker non-vote.” Pursuant to the rules of the NYSE, the election of directors is a “non-routine” matter and brokerage firms may not vote without instructions from their client on the matter, resulting in a broker non-vote. In contrast, ratification of the appointment of an independent registered public accounting firm is considered a “routine” matter under NYSE’s rules, which means that brokers have discretionary voting authority to the extent they have not received voting instructions from their client on the matter.

### **How many votes are needed for the proposals to pass?**

The proposals to be voted on at the Annual Meeting have the following voting requirements:

- **Proposal 1 (Election of Directors):** With respect to Proposal One, you may vote “FOR” all nominees, “WITHHOLD” your vote as to all nominees, or “FOR” all nominees except those specific nominees from whom you “WITHHOLD” your vote. Pursuant to our bylaws, directors will be elected by a plurality of votes cast at the Annual Meeting, with each share being entitled to vote for as many individuals as there are directors to be elected and for whose election the share is entitled to vote. Therefore, the eight director nominees receiving the highest number of “FOR” votes will be elected. There is no cumulative voting in the election of directors. For purposes of the election of directors, abstentions, votes marked “WITHHOLD” and broker non-votes, if any, will not be counted as votes cast and will have no effect on the result of the vote, although they will be considered present for the purpose of determining the presence of a quorum.
- **Proposal 2 (Ratification of the appointment of Ernst & Young LLP):** You may vote “FOR,” “AGAINST” or “ABSTAIN” on Proposal Two. Pursuant to our bylaws, the affirmative vote of a majority of the votes cast at the Annual Meeting is required to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2014. For purposes of the vote on the ratification of Ernst & Young LLP as our independent registered public accounting firm, abstentions and broker non-votes, if any, will not be counted as votes cast and will have no effect on the result of the vote, although they will be considered present for the purpose of determining the presence of a quorum.

**What will constitute a quorum at the Annual Meeting?**

Holders representing a majority of all votes of our outstanding common stock entitled to be cast at the Annual Meeting must be present, in person or by proxy, for a quorum to exist. If the shares present in person or by proxy at the Annual Meeting do not constitute a quorum, the Annual Meeting may be adjourned to a subsequent time. Shares that are voted “FOR,” “AGAINST,” “ABSTAIN,” or, with respect to the election of directors, “WITHHOLD,” will be treated as being present at the Annual Meeting for purposes of establishing a quorum. Accordingly, if you have returned a valid proxy or attend the Annual Meeting in person, your shares will be counted for the purpose of determining whether there is a quorum, even if you wish to abstain from voting on some or all matters at the Annual Meeting. Broker non-votes will also be counted as present for purposes of determining the presence of a quorum.

**If I plan to attend the Annual Meeting, should I still vote by proxy?**

Yes. Voting in advance does not affect your right to attend the Annual Meeting. If you send in your proxy card and also attend the Annual Meeting, you do not need to vote again at the Annual Meeting unless you want to change your vote. Written ballots will be available at the meeting for stockholders of record. If you are not a stockholder of record but hold shares through a broker or nominee (i.e., in street name), you may vote your shares in person only if you obtain a legal proxy from the broker, trustee or nominee that holds your shares giving you the right to vote the shares. Even if you plan to attend the Annual Meeting, we recommend that you also submit your proxy or voting instructions prior to the meeting as described above so that your vote will be counted if you later decide not to attend the meeting.

**Who can attend the Annual Meeting?**

Only stockholders as of the Record Date, or their duly appointed proxies, may attend the Annual Meeting. Stockholders may be asked to present valid picture identification such as a driver’s license or passport and proof of stock ownership as of the Record Date. If you are not a stockholder of record but hold shares through a broker or nominee (i.e., in street name), you should provide proof of beneficial ownership on the Record Date, such as your most recent account statement, a copy of the voting instruction card provided by your broker, trustee or nominee, or other similar evidence of ownership. The use of cell phones, smartphones, pagers, recording and photographic equipment and/or computers is not permitted at the Annual Meeting. For directions to the Annual Meeting, contact Investor Relations at 913-312-2475 or [ir@qtsdatacenters.com](mailto:ir@qtsdatacenters.com).

**Will any other matters be voted on?**

The proposals set forth in this Proxy Statement constitute the only business that the Board intends to present at the Annual Meeting. The proxy does, however, confer discretionary authority upon the Proxy Agents or their substitutes, to vote on any other business that may properly come before the meeting. If the Annual Meeting is postponed or adjourned, the Proxy Agents can vote your shares on the new meeting date as well, unless you have revoked your proxy.

**Can I change my vote after I have voted?**

You may revoke your proxy at any time prior to its use by (i) delivering a written notice of revocation to our Secretary, (ii) filing a duly executed proxy bearing a later date with us or (iii) attending the Annual Meeting and voting in person. If your shares of common stock are held by a broker, bank or any other persons holding common stock on your behalf, you must contact that institution to revoke a previously authorized proxy.

**Who is soliciting the proxies and who pays the costs?**

The enclosed proxy for the Annual Meeting is being solicited by the Board. We will pay the costs of soliciting proxies. In addition to soliciting proxies by mail, certain of our directors, officers and employees may

solicit proxies by telephone, personal contact, or other means of communication. They will not receive any additional compensation for these activities. In addition, we will, upon request, reimburse brokers, banks and other persons holding common stock on behalf of beneficial owners for the reasonable expenses incurred by them in forwarding proxy materials to beneficial owners.

No person is authorized to give any information or to make any representation not contained in this Proxy Statement, and, if given or made, you should not rely on that information or representation as having been authorized by us. The delivery of this Proxy Statement does not imply that the information herein has remained unchanged since the date of this Proxy Statement.

**Whom should I call if I have questions or need assistance voting my shares?**

Please call Jeff Berson at (913) 312-2475 or email [ir@qtsdatacenters.com](mailto:ir@qtsdatacenters.com) if you have any questions in connection with voting your shares.



## PROPOSAL ONE: ELECTION OF DIRECTORS

The Board has set the number of directors at eight. The eight individuals named below, each of whom currently serves on our Board, have been recommended by our Nominating and Corporate Governance Committee and nominated by our Board to serve on the Board until our 2015 Annual Meeting of Stockholders and until their respective successors are elected and qualify. Based on its review of the relationships between the director nominees and the Company, the Board has determined that all of our directors, other than Chad L. Williams and Stephen E. Westhead, are independent under applicable SEC and NYSE rules.

The Board has no reason to believe that any of the persons named below as a nominee for our Board will be unable, or will decline, to serve as a member of the Board if elected. If any nominee is unavailable for election or service, the Board may designate a substitute nominee and the persons designated as proxy holders on the proxy card will vote for the substitute nominee recommended by the Board. Under these circumstances, the Board also may, as permitted by our bylaws, decrease the size of the Board.

The Nominating and Corporate Governance Committee has set forth in a written policy minimum qualifications that a director candidate must possess. In addition, the written policy sets forth certain additional qualities and skills that, while not a prerequisite for nomination, should be considered by the Committee when evaluating a particular candidate. See “Corporate Governance and Board Matters—Director Nominee Selection Process.”

### Nominees for Election as Directors

The table below sets forth the names and ages of each of the individuals nominated for election at the Annual Meeting, as well as the positions and offices with us currently held by such individuals.

<u>Name</u>	<u>Position With the Company</u>	<u>Age as of the Annual Meeting</u>
Chad L. Williams	Director, Chairman and Chief Executive Officer	43
John W. Barter	Director	67
William O. Grabe	Director	76
Catherine R. Kinney	Director	62
Peter A. Marino	Director	72
Scott D. Miller	Director	61
Philip P. Trahanas	Director	43
Stephen E. Westhead	Director	50

Set forth below is certain biographical information of our director nominees.

**Chad L. Williams** has been our Chairman and Chief Executive Officer since May 2013 and was the Chairman and Chief Executive Officer of our predecessor from 2003 until our initial public offering. Mr. Williams has more than 24 years of experience in the management and development of various private companies and more than 14 years of experience in the ownership, management and development of commercial real estate, the last eight of which have been focused on data center properties. In his role as Chief Executive Officer, Mr. Williams has been directly involved in every aspect of our business, from strategic acquisition and financing, to site selection, design, development and construction and customer management. Mr. Williams currently serves on the board of directors for the U.S. Dream Academy, an organization that focuses on intervening in the lives of children of incarcerated parents. Its mission is to empower these at-risk children to maximize their potential by providing them with academic, social and values-enrichment through supportive mentoring and the use of technology.

Our Board determined that Mr. Williams should serve on our Board based on his experience as a successful business leader and entrepreneur and his experience in real estate and with the Company.

**John W. Barter** has been our director since August 2013 and was a director of our predecessor from 2010 until our initial public offering. Mr. Barter serves as the chair of the Audit Committee. Mr. Barter has more than 25 years of experience in financial management, mergers and acquisitions, executive management and planning and analysis. Mr. Barter was the chief financial officer of Kestral Solutions, Inc., a technology company, from 2000 to 2001. Prior to this, Mr. Barter held various positions with AlliedSignal, Inc., now called Honeywell International, Inc. (NYSE: HON), a technology company, for most of the time between 1973 to 1997, and was an executive vice president and president of AlliedSignal Automotive from 1994 to 1997 and chief financial officer from 1988 to 1994. He currently serves on the board of directors of Dice Holdings, Inc. (NYSE: DHX), and previously served on the boards of directors of Lenovo Group, Ltd. (HKG: 992) from 2005 until 2010, SRA International from 2003 until 2011 and Genpact Ltd. (NYSE: G) from 2005 to 2014. Mr. Barter earned a Bachelor of Science degree in physics from Spring Hill College and a Master of Business Administration in finance from Tulane University.

Our Board determined that Mr. Barter should serve on our Board based on his financial acumen and management experience.

**William O. Grabe** has been our director since August 2013 and was a director of our predecessor from 2009 until our initial public offering. Mr. Grabe serves as the chair of our compensation committee. Mr. Grabe has over 40 years of experience in investment management and corporate operations. Mr. Grabe is an advisory director of General Atlantic LLC, a global investment firm, and was a managing director at General Atlantic LLC from 1992 to 2010. Prior to joining General Atlantic LLC, Mr. Grabe held executive positions in sales, marketing and operations at IBM Corporation and was the general manager for the Marketing and Services Group from 1988 to 1992. Mr. Grabe currently serves on the boards of directors of Lenovo Group Limited, personal technology company (SEHK: 0992), Compuware Corporation, a software company (NASDAQ: CPWR), and Gartner, Inc., a technology research company (NYSE: IT). He previously served on the board of directors of Infotech Enterprises Limited (BSE: 532175; NSE: INFOTECENT) from 2007 to 2010 and iGATE Computer Systems Limited (f/k/a Patni Computer Systems Limited, NYSE: PTI) from 2002 to 2011 and the board of directors of several other public and private global technology companies. Mr. Grabe earned a Master of Business Administration from the UCLA Graduate School of Business and a Bachelor of Science degree in engineering from New York University.

Our Board determined that Mr. Grabe should serve on our Board based on his business experience in sales and operations, his experience as a director of other public companies in the technology sector and his investment management experience.

**Catherine R. Kinney** has been our director since August 2013 and was a director of our predecessor from May 2013 until our initial public offering. Ms. Kinney serves as the chair of our Nominating and Corporate Governance Committee. Ms. Kinney has 35 years of experience in securities regulation and management. Based in Paris, France, from 2007 to 2009, Ms. Kinney served as the group executive vice president and head of global listing, marketing and branding at NYSE Euronext (NYSE: NYX), a company that operates multiple securities exchanges. From 1974 to 2008, Ms. Kinney held various positions with the New York Stock Exchange, Inc., a U.S.-based securities exchange and predecessor of the NYSE Euronext, and was its president and co-chief operating officer from 2002 to 2008. Ms. Kinney currently serves on the boards of directors of MetLife, Inc. (NYSE: MET), NetSuite, Inc. (NYSE: N) and MSCI Inc. (NYSE: MSCI). Ms. Kinney earned a Bachelor of Arts degree from Iona College and completed the Advanced Management Program at Harvard Business School. Ms. Kinney has also received honorary degrees from Georgetown University, Fordham University and Rosemont College.

Our Board determined that Ms. Kinney should serve on our Board based on her extensive leadership, management and corporate governance experience and experience as a director of other public companies.

**Peter A. Marino** has been our director since August 2013 and was a director of our predecessor from 2012 until our initial public offering. Mr. Marino has over 25 years of executive experience. Mr. Marino has been a

private consultant for government and industry on defense and intelligence issues since 1999. From 1996 to 1999, Mr. Marino was the president and chief executive officer of Firearms Training Systems, Inc., a provider of software and hardware simulation training systems for military, law enforcement and security forces. From 1991 to 1996, Mr. Marino served as senior vice president of E-Systems Corporation, a computing and software company which was acquired by Raytheon (NYSE: RTN) in 1995. Mr. Marino previously served as president and chief operating officer of Fairchild Industries, an aerospace and defense company, from 1988 to 1990 and was president and chief operating officer of Lockheed Electronics Company, Inc., a defense electronics company, from 1986 to 1988. From 1970 to 1986, he served in numerous capacities at the Central Intelligence Agency, including director of technical service and deputy director for the Office of Research and Development. He also attended the Senior Executive Fellows program at Harvard University. Mr. Marino previously served as a director of Argon ST, Inc., a former public company, from 2004 to 2010. Mr. Marino earned a Master of Science in acoustics (engineering physics) from The Pennsylvania State University and a Bachelor of Science degree in physics from Rollins College.

Our Board determined that Mr. Marino should serve on our Board based on his experience as a successful business leader and entrepreneur, his government-related experience, as well as his technology experience.

**Scott D. Miller** has been our director since August 2013 and was a director of our predecessor from May 2013 until our initial public offering. Mr. Miller has over 30 years of executive experience. Mr. Miller is the chief executive officer of SSA & Company, a management consulting firm focusing on process improvement, the chief executive officer of G100, a membership organization providing a forum for current, future and recent chief executive officers of leading public and private companies and private equity firms, and the managing general partner of MSP, LLC, a private real estate development and investment company. He also serves as special advisor to General Atlantic LLC. Prior to joining SSA & Company in March 2004, Mr. Miller served as non-executive vice chairman of Hyatt Hotels and Resorts Corporation (NYSE: H), a global hospitality company, from 2003 to 2004, the president from 1999 to 2003 and executive vice president from 1997 to 1999. Mr. Miller was also the president and chief executive officer of United Infrastructure Company, a public infrastructure development company from 1993 to 1997. From 1981 to 1993, he was a founding partner of The John Buck Company, a real estate brokerage, management and development company. Mr. Miller served on the boards of directors of Affinion Group, Inc. from 2011 to 2013, AXA Equitable Life Insurance Company from 2002 to 2012, Orbitz Worldwide, Inc. (NYSE: OWW) from 2003 to 2004, and NAVTEQ Corporation from 2004 to 2008. Mr. Miller earned a Master of Business Administration from the University of Chicago and a Bachelor of Arts degree in human biology from Stanford University.

Our Board determined that Mr. Miller should serve on our Board based on his leadership and management experience as a principal executive officer of diverse organizations and experience as a director of other public companies.

**Philip P. Trahanas** has been our director since August 2013 and was a director of our predecessor from 2009 until our initial public offering. Mr. Trahanas serves as our lead independent director. Mr. Trahanas has over 17 years of experience in financial advisory, investing and investment management, as well as over 10 years of experience serving on private and public company boards. Mr. Trahanas is a Managing Director of General Atlantic LLC, a global investment firm, which he joined in 2000. From 1996 to 2000, Mr. Trahanas worked at Morgan Stanley (NYSE: MS), a global financial services firm, where he was a member of the high technology corporate finance team, was a merger and acquisition specialist and was a member of the investment banking division's operating management team. Prior to joining Morgan Stanley, Mr. Trahanas was an electrical engineer at General Electric (NYSE: GE), a diversified technology, media and financial services company, where he specialized in communications equipment and semiconductor design. Mr. Trahanas earned a Bachelor of Engineering degree in electrical engineering from The Cooper Union for the Advancement of Science and Art, a Master of Business Administration from the University of Pennsylvania Wharton School and a Master of Science degree in engineering from the University of Pennsylvania Moore School of Engineering.

Our Board determined that Mr. Trahanas should serve on our Board based on his extensive operating, investment banking and private equity experience.

*Stephen E. Westhead* has been our director since August 2013 and was a director of our predecessor from May 2013 until our initial public offering. Mr. Westhead has over 25 years of experience in management. Since 2007, Mr. Westhead has been the chief executive officer and lead investor of US Trailer, a semi-trailer leasing company, and has served as the chief marketing officer of Satori Group, Inc., an IT company, since January 2013. From 1987 to 2008, Mr. Westhead served as senior vice president of commercial lines underwriting for Philadelphia Insurance Companies, an insurance company. Mr. Westhead earned a Bachelor of Science degree in business administration from Cabrini College.

Our Board determined that Mr. Westhead should serve on our Board based on his executive management experience.

### **Vote Required and Recommendation**

Directors are elected by plurality vote. Therefore, the eight director nominees receiving the highest number of “FOR” votes will be elected. There is no cumulative voting in the election of directors. For purposes of this Proposal 1, abstentions and other shares not voted (whether by broker non-vote or otherwise) will not be counted as votes cast and will have no effect on the result of the vote.

***THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR”  
ELECTION OF EACH OF THE NOMINEES SET FORTH ABOVE.***

**PROPOSAL TWO: RATIFICATION OF THE APPOINTMENT OF INDEPENDENT  
REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of our Board, which is composed entirely of independent directors, has appointed Ernst & Young LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2014. Although stockholder approval is not required, we desire to obtain from our stockholders an indication of their approval of the Audit Committee’s selection of Ernst & Young LLP as the Company’s independent registered public accounting firm for 2014. Even if the appointment of Ernst & Young LLP as our independent registered public accounting firm is ratified, the Audit Committee may, in its discretion, change that appointment at any time during the year should it determine such a change would be in our and our stockholders’ best interests. If our stockholders do not ratify this appointment, the Audit Committee may consider the appointment of another independent registered public accounting firm, but will not be required to appoint a different firm.

A representative of Ernst & Young LLP is expected to be present at the Annual Meeting, will have the opportunity to make a statement if he or she desires and is expected to be available to respond to appropriate questions.

**Vote Required and Recommendation**

The affirmative vote of a majority of all votes cast on the proposal is necessary to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014. For purposes of approving this Proposal 2, abstentions and other shares not voted (whether by broker non-vote or otherwise) will not be counted as votes cast and will have no effect on the result of the vote.

***THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE RATIFICATION OF THE  
APPOINTMENT OF ERNST & YOUNG LLP AS THE COMPANY’S INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2014.***

**Principal Accountant Fees and Services**

The following table summarizes the fees billed by Ernst & Young LLP for professional services rendered for the fiscal year ended December 31, 2013, our first year as a public company.

	<u>2013</u>
Audit Fees (1)	\$1,192,549
Audit-Related Fees	—
Tax Fees(2)	291,842
All Other Fees	—
Total	<u>\$1,484,391</u>

- (1) Audit fees for 2013 include audit fees of our predecessor and fees for services associated with our initial public offering, including review of registration statements, related issuances of comfort letters and consents and other services related to SEC matters.
- (2) Tax fees consist of tax and consulting fees relating to services provided related to tax return preparation, tax consultations and other similar matters.

**Pre-Approval Policies and Procedures**

The Audit Committee’s policy is to review and pre-approve, either pursuant to the Audit Committee’s Policies and Procedures for the Approval of Audit Services and Permitted Non-Audit Services or through a separate pre-approval by the Audit Committee, any engagement of the Company’s independent auditor to

provide any audit or non-audit services to the Company. Pursuant to the Audit Committee's pre-approval policy, the Committee has pre-approved certain specified audit, audit-related, tax and other services for the audit cycle ending in March 2015. Permissible audit, audit-related, tax and other services other than those specifically pre-approved pursuant to the pre-approval policy require specific pre-approval by the Audit Committee. All audit, audit-related, tax and other services provided to us for the year ended December 31, 2013 either were pre-approved by the Audit Committee or were approved pursuant to the Committee's pre-approval policy. Pursuant to the pre-approval policy, the Audit Committee may delegate pre-approval authority to one or more of its members who are required to report any pre-approval decisions to the Committee at its next scheduled meeting.

## AUDIT COMMITTEE REPORT

The Audit Committee is currently composed of Messrs. Barter, Marino and Miller. The members of the Audit Committee are appointed by and serve at the discretion of the Board.

One of the principal purposes of the Audit Committee is to assist the Board in the oversight of the integrity of the Company's financial statements. The Company's management team has the primary responsibility for the financial statements and the reporting process, including the Company's accounting policies, internal audit function, system of internal controls and disclosure controls and procedures. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed the audited financial statements in the Annual Report on Form 10-K for the year ended December 31, 2013 with our management.

The Audit Committee also is responsible for assisting the Board in the oversight of the qualification, independence and performance of the Company's independent auditors. The Audit Committee reviewed the audited financial statements for the year ended December 31, 2013 with the independent auditors, which are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Audit Committee under generally accepted auditing standards and those matters required to be discussed by Statement on Auditing Standards No. 61, as amended, and as adopted by the Public Company Accounting Oversight Board Rule 3200T.

The independent auditors have provided to the Audit Committee the written disclosures regarding the independent auditor's independence required by PCAOB Ethics and Independence Rule 3526, *Communication with Audit Committees Concerning Independence*, and the Audit Committee has discussed with the independent auditors their independence.

In reliance on the review and discussions referred to above, the Audit Committee recommended to the Board the inclusion of the Company's audited consolidated financial statements in its Annual Report on Form 10-K for the fiscal year ended December 31, 2013, for filing with the SEC.

Respectfully submitted,

The Audit Committee

JOHN W. BARTER (*Chairman*)  
PETER A. MARINO  
SCOTT D. MILLER

*The Audit Committee Report above does not constitute "soliciting material" and will not be deemed "filed" or incorporated by reference into any of our filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that might incorporate SEC filings by reference, in whole or in part, notwithstanding anything to the contrary set forth in those filings.*



## CORPORATE GOVERNANCE AND BOARD MATTERS

### Corporate Governance Profile

The Company's corporate governance is structured in a manner that the Board believes closely aligns the Company's interests with those of our stockholders. Notable features of our corporate governance structure include the following:

- our Board is not staggered, with each of our directors subject to re-election annually;
- of the eight persons who serve on our Board, six, or 75% of our directors, have been determined by us to be independent for purposes of the NYSE's corporate governance listing standards and Rule 10A-3 under the Exchange Act;
- we have determined that one of our directors qualifies as an "audit committee financial expert" as defined by the SEC;
- we have opted out of the Maryland business combination and control share acquisition statutes; and
- we do not have a stockholder rights plan.

The Company's charter and bylaws provide that the number of directors constituting the Board may be increased or decreased by a majority vote of the entire Board, provided the number of directors may not be greater than 15 and may not be decreased to fewer than the minimum number required under the Maryland General Corporate Law ("MGCL"), currently one director.

There are no family relationships among our executive officers and directors. All board members except for Mr. Williams and Mr. Westhead have been determined by the Board to be independent under applicable NYSE and SEC rules.

### Board Leadership Structure

Chad L. Williams has served as Chairman and Chief Executive Officer since May 2013 and was the Chairman and Chief Executive Officer of our predecessor from 2003 until our initial public offering. The Board does not have a policy regarding separation of the roles of Chief Executive Officer and Chairman of the Board. However, it evaluates the combined role of Chairman and Chief Executive Officer as part of the succession planning process. The Board has determined that, based on Mr. Williams' tenure with the Company and our predecessor since its inception, the perspective and experience he brings as our founder and Chief Executive Officer, and his in-depth knowledge of the Company and the real estate industry, Mr. Williams' is well-positioned to lead Board discussions and that the combined role of Chairman and Chief Executive Officer is therefore in the best interests of the Company and stockholders.

To strengthen the role of our independent directors and encourage independent Board leadership, the Board also has established the position of lead independent director, which currently is held by Philip P. Trahanas. In accordance with our Corporate Governance Guidelines, the responsibilities of the lead independent director include, among others:

- serving as liaison among (i) management, including the Chief Executive Officer, (ii) our other independent directors and (iii) interested third parties and the Board;
- presiding at executive sessions of the independent directors;
- serving as the focal point of communication to the Board regarding management plans and initiatives;
- ensuring that the role between Board oversight and management operations is respected;



- providing the medium for informal dialogue with and among independent directors, allowing for free and open communication within that group; and
- serving as the communication conduit for third parties who wish to communicate with the Board.

Our lead independent director will be selected on an annual basis by a majority of independent directors then serving on the Board.

### Executive Sessions

Our non-management directors met in a special executive session without management at our November 2013 Board meeting, which was our first and only Board meeting in 2013 as a public company. Mr. Trahanas, as lead independent director, chaired the session. Per our Corporate Governance Guidelines, the Board expects to conduct executive sessions limited to non-management directors at our regularly scheduled Board meetings, and at least annually will hold an executive session limited to independent directors.

### Attendance of Directors at 2013 Board Meetings and Annual Meeting of Stockholders

We completed our initial public offering in October 2013. As such, during 2013, the Board held only one meeting. Every Board member except for Mr. Miller attended this meeting. Every Board member attended all meetings of each committee of which he or she was a member that were held during 2013.

In accordance with the Company's corporate governance guidelines, directors are expected to attend the annual meeting of stockholders. The 2014 Annual Meeting will be our first annual meeting of stockholders as a public company, so there is no prior attendance record with respect to our annual meeting of stockholders.

### Committees of the Board

Our Board has a standing Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee. Each of these committees must have at least three members who are each independent directors, as that term is defined in the NYSE listing standards. Our Board may from time to time establish other committees to facilitate the management of our company.

The table below provides membership information for each of the Board committees as of the date of this Proxy Statement:

<u>Director</u>	<u>Audit Committee</u>	<u>Compensation Committee</u>	<u>Nominating and Corporate Governance Committee</u>
John W. Barter . . . . .	X (Chair)*		
William O. Grabe . . . . .		X (Chair)	
Catherine R. Kinney . . .		X	X (Chair)
Peter A. Marino . . . . .	X		X
Scott D. Miller . . . . .	X		X
Philip P. Trahanas . . . . .		X	

\* Audit committee financial expert

The Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee each operate under written charters adopted by the Board. These charters are available on our website at [www.qtsdatacenters.com](http://www.qtsdatacenters.com).

### ***Audit Committee***

The Audit Committee consists of Messrs. Barter, Marino and Miller, and Mr. Barter serves as its chairperson. The Audit Committee's written charter requires that all members of the committee meet the independence, experience, financial literacy and expertise requirements of the NYSE, the Sarbanes-Oxley Act of 2002, the Exchange Act and applicable rules and regulations of the SEC, all as in effect from time to time. Our Board has determined that all of the members of the Audit Committee meet the foregoing requirements. The Board also has determined that Mr. Barter is an "audit committee financial expert," as defined by the applicable SEC regulations and NYSE corporate governance listing standards, and has accounting or related financial management expertise.

The principal functions of the Audit Committee include overseeing:

- our accounting and financial reporting processes;
- the integrity and audits of our consolidated financial statements and financial reporting process;
- our systems of disclosure controls and procedures and internal control over financial reporting;
- our compliance with financial, legal and regulatory requirements;
- the evaluation of the qualifications, independence and performance of our independent registered public accounting firm;
- the performance of our internal audit function;
- review of all related party transactions in accordance with our related party transactions policy; and
- our overall risk profile.

The Audit Committee also is responsible for engaging an independent registered public accounting firm, reviewing with the independent registered public accounting firm the plans and results of the audit engagement, approving professional services provided by the independent registered public accounting firm, including all audit and non-audit services, reviewing the independence of the independent registered public accounting firm, considering the range of audit and non-audit fees and reviewing the adequacy of our internal accounting controls. The Audit Committee also approves the audit committee report required by SEC regulations to be included in our annual Proxy Statement.

We completed our initial public offering in October 2013. As such, during the year ended December 31, 2013, the Audit Committee met two times.

### ***Compensation Committee***

The Compensation Committee consists of Mr. Grabe, Ms. Kinney and Mr. Trahanas, and Mr. Grabe serves as its chairperson. The principal functions of the Compensation Committee include:

- reviewing and approving on an annual basis the corporate goals and objectives relevant to our Chief Executive Officer's compensation, evaluating our Chief Executive Officer's performance in light of such goals and objectives and determining and approving the remuneration of our Chief Executive Officer based on such evaluation;
- reviewing and approving the compensation of our other executive officers;
- reviewing our executive compensation policies and plans;
- determining the number of shares underlying, and the terms of, stock option and restricted stock awards to be granted to our directors, executive officers and other employees pursuant to these plans;
- assisting management in complying with our proxy statement and annual report disclosure requirements;

- producing a report on executive compensation to be included in our annual proxy statement; and
- reviewing, evaluating and recommending changes, if appropriate, to the remuneration for directors.

We completed our initial public offering in October 2013. As such, during the year ended December 31, 2013, the Compensation Committee met one time.

#### ***Nominating and Corporate Governance Committee***

The Nominating and Corporate Governance Committee consists of Ms. Kinney, Mr. Miller and Mr. Marino, and Ms. Kinney serves as its chairperson. The principal functions of the Nominating and Corporate Governance Committee include:

- identifying, recruiting and recommending to the full Board qualified candidates for election as directors and recommending a slate of nominees for election as directors at each annual meeting of stockholders;
- developing and recommending to the Board corporate governance guidelines, including the committee's selection criteria for director nominees, and implementing and monitoring such guidelines;
- reviewing and making recommendations on matters involving the general operation of the Board, including board size and composition, and committee composition and structure;
- recommending to the Board nominees for each committee of the Board;
- annually facilitating the assessment of the Board's performance as a whole and of the individual directors, as required by applicable law, regulations and the NYSE corporate governance listing standards; and
- overseeing the Board's evaluation of management.

We completed our initial public offering in October 2013. As such, during the year ended December 31, 2013, the Nominating and Corporate Governance Committee met one time.

#### **Director Nominee Selection Process**

The Nominating and Corporate Governance Committee has set forth in a written policy minimum qualifications that director candidates must possess. At a minimum, a director candidate must possess:

- high personal and professional ethics and integrity;
- an ability to exercise sound judgment;
- an ability to make independent analytical inquiries;
- an ability and willingness to devote adequate time and resources to perform Board duties diligently, including attending regular and special Board and committee meetings;
- appropriate and relevant business experience and acumen; and
- a reputation, both personal and professional, consistent with the image and reputation of the Company.

In addition to the aforementioned minimum qualifications, the written policy sets forth certain additional qualities and skills that, while not a prerequisite for nomination, should be considered by the Nominating and Corporate Governance Committee when evaluating a particular candidate. These additional qualities and skills include, among others, the following:

- whether the person possesses specific industry knowledge, expertise and/or contacts, including in the commercial real estate industry generally and/or the data center industry, and familiarity with general issues affecting the Company's business;

- whether the person’s nomination and election would enable the Board to have a member that qualifies as an “audit committee financial expert” as such term is defined by the SEC;
- whether the person would qualify as an “independent” director under the rules of the NYSE and the Company’s Governance Guidelines;
- the importance of continuity of the existing composition of the Board; and
- the importance of a diversified Board membership, in terms of both the individuals involved and their various experiences and areas of expertise.

The Board does not have a formal policy specifying how diversity of background and personal experience should be applied in identifying or evaluating director candidates. A director candidate’s background and personal experience, however, will be significant in the Board’s candidate identification and evaluation process to help ensure that the Board remains aware of and responsive to the needs and interests of our customers, stockholders, employees and other stakeholders.

The Nominating and Corporate Governance Committee will seek to identify director candidates based on input provided by a number of sources, including (a) members of the Nominating and Corporate Governance Committee, (b) directors of the Company and (c) stockholders of the Company. The Nominating and Corporate Governance Committee also has the authority to consult with or retain advisors or search firms to assist in the identification of qualified director candidates; however, we do not currently employ a search firm, or pay a fee to any other third party, to locate qualified director candidates.

As part of the candidate identification process, the Nominating and Corporate Governance Committee will evaluate the skills, expertise and diversity possessed by the current Board, and whether there are additional skills, expertise or diversity that should be added to complement the composition of the existing Board. The Nominating and Corporate Governance Committee also will take into account whether existing directors have indicated a willingness to continue to serve as directors if re-nominated. Once director candidates have been identified, the Nominating and Corporate Governance Committee then will evaluate each candidate in light of his or her qualifications and credentials, and any additional factors that the Nominating and Corporate Governance Committee deems necessary or appropriate. Existing directors who are being considered for re-nomination will be re-evaluated as part of the Nominating and Corporate Governance Committee’s process of recommending director candidates. The Nominating and Corporate Governance Committee evaluates the performance of each current director and considers the results of such evaluation when determining whether to recommend the nomination of such director for an additional term. All candidates submitted by stockholders will be evaluated in the same manner as all other director candidates, provided that the advance notice and other requirements set forth in our bylaws have been followed. At an appropriate time prior to each annual meeting at which directors are to be elected or re-elected, the Nominating and Corporate Governance Committee recommends to the Board for nomination by the Board such candidates as the Nominating and Corporate Governance Committee, in the exercise of its judgment, has found to be well-qualified and willing and available to serve.

At an appropriate time after a vacancy arises on the Board or a director advises the Board of his or her intention to resign, the Nominating and Corporate Governance Committee will recommend to the Board for election by the Board to fill such vacancy, such prospective member of the Board as the Nominating and Corporate Governance Committee, in the exercise of its judgment, has found to be well-qualified and willing and available to serve. In determining whether a prospective member is qualified to serve, the Nominating and Corporate Governance Committee will consider the factors listed above.

### **Board Oversight of Risk Management**

One of the key functions of our Board is informed oversight of our risk management process. Our Board will administer this oversight function directly, with support from its three standing committees, the Audit

Committee, Compensation Committee and the Nominating and Corporate Governance Committee, each of which addresses risks specific to their respective areas of oversight as follows:

- **Audit Committee:** the Audit Committee has the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken. The Audit Committee also will monitor compliance with legal and regulatory requirements and oversee the performance of our internal audit function.
- **Compensation Committee:** the Compensation Committee assesses and monitors compensation policies to ensure that such practices are designed to balance risk and reward in relation to the Company's overall business strategy and do not encourage excessive risk-taking.
- **Nominating and Corporate Governance Committee:** the Nominating and Corporate Governance Committee monitors the general operations of the Board and the effectiveness of our corporate governance guidelines, including whether they are successful in preventing illegal or improper liability-creating conduct.

Our Board and its standing committees also hear reports from the members of management responsible for the matters considered in order to enable our Board and each committee to understand and discuss risk identification and risk management.

The Board believes that the composition of its committees, and the distribution of the particular expertise of each committee's members, makes this an appropriate structure to effectively monitor the risks discussed above.

### **Corporate Governance Guidelines**

The Board has adopted a set of governance guidelines, the QTS Realty Trust, Inc. Corporate Governance Guidelines, that reflect the Board's commitment to monitoring the effectiveness of decision-making at the Board and management level and ensuring adherence to good corporate governance principles, all with the goal of enhancing stockholder value over the long term. The Corporate Governance Guidelines address, among other things:

- the responsibilities and qualifications of directors, including director independence;
- the functioning of the Board;
- the responsibilities, composition and functioning of the Board committees;
- the appointment and role of the lead independent director;
- principles of director compensation; and
- management succession and review.

A copy of the Corporate Governance Guidelines is available on our website at [www.qtsdatacenters.com](http://www.qtsdatacenters.com).

### **Code of Business Conduct and Ethics**

Our Code of Business Conduct and Ethics applies to directors, officers and employees. Among other matters, the code is intended to deter wrongdoing and promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in our SEC reports and other public communications;
- compliance with applicable governmental laws, rules and regulations;

- prompt internal reporting of violations of the code to appropriate persons identified in the code; and
- accountability for adherence to the code.

Only the Audit Committee is able to approve any waiver of the Code of Business Conduct and Ethics for our executive officers or directors, and any such waiver shall be promptly disclosed as required by law or NYSE regulations.

A copy of the Code of Business Conduct and Ethics is available on our website at [www.qtsdatacenters.com](http://www.qtsdatacenters.com). We intend to disclose any changes in or waivers from the Code of Business Conduct and Ethics by posting such information on our website.

### Compensation of Directors

The Board has adopted a non-employee director compensation policy. In accordance with the policy, on an annual basis, each non-employee director receives a grant of securities of the Company with a value of \$100,000, which vests quarterly over a one-year period, and a cash retainer of \$50,000 for services as a director. The lead independent director receives an additional cash retainer of \$22,500. Each committee member receives an additional \$5,000 cash retainer except for the chairs of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee, who instead receive an additional annual cash retainer of \$15,000. Each non-employee director will be entitled to elect to receive their annual cash retainers in securities of the Company. Directors who are employees of the Company or its subsidiaries will not receive compensation for their services as directors. All directors are reimbursed for their out-of-pocket expenses incurred in connection with the performance of Board duties.

Upon completion of our initial public offering in October 2013, Messrs. Barter, Grabe, Marino and Trahanas received a grant of options to purchase 28,985 shares of Class A common stock, which vest ratably on the first four quarterly anniversaries of the grant date. Our other non-employee directors, Messrs. Miller and Westhead and Ms. Kinney, previously received grants of Class O LTIP units of QualityTech LP, the Company's operating partnership and predecessor, in June 2013 in connection with joining the board of our predecessor's general partner. LTIP units (consisting of both Class O LTIP units and Class RS LTIP units) are a special class of limited partnership units in our operating partnership that are structured to qualify as "profits interests" for tax purposes, with the result that at issuance they have no capital account in the operating partnership. LTIP units may be subject to vesting and, when vested, they are convertible by the holder into common units of limited partnership interest in our operating partnership (which we refer to as "OP units") on the terms set forth in our operating partnership's partnership agreement. See—"Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table" below.

The following table presents information regarding the compensation paid during 2013 to non-employee directors who served on the Board during the year. Mr. Williams does not receive any compensation for his service as a member of the Board. The compensation paid to Mr. Williams is presented below under "Executive Compensation" in the table titled "2013 Summary Compensation Table" and the related explanatory tables.

<u>Name</u>	<u>Fees Earned or Paid in Cash (1)</u>	<u>Option Awards</u>	<u>Total</u>
John W. Barter	\$59,375	\$ 99,998(2)	\$159,373
William O. Grabe	\$40,625	\$ 99,998(2)	\$140,623
Catherine R. Kinney	\$43,750	\$100,014(3)	\$143,764
Peter A. Marino	\$54,375	\$ 99,998(2)	\$154,373
Scott D. Miller	\$37,500	\$100,014(3)	\$137,514
Philip P. Trahanas	\$48,438	\$ 99,998(2)	\$148,436
Stephen E. Westhead	\$35,000	\$100,014(3)	\$135,014



- (1) Includes the cash portion of the 2013 board fees, committee member fees, committee chair fees and lead independent director fees paid by us for service on our Board following our initial public offering and paid by our predecessor for service on our predecessor's board of directors prior to our initial public offering.
- (2) Represents the aggregate grant date fair value, computed in accordance with FASB ASC Topic 718, of the 28,985 options to purchase shares of Class A common stock issued to each of Mr. Barter, Mr. Grabe, Mr. Marino and Mr. Trahanas concurrently with our initial public offering. The options vest 25% on each quarterly anniversary of the grant date. The assumptions used to calculate these amounts are described in Note 9— "Equity and Incentive Compensation Plans" to our consolidated financial statements include in our Annual Report on Form 10-K for the year ended December 31, 2013.
- (3) On June 17, 2013, prior to our initial public offering, Messrs. Miller and Westhead and Ms. Kinney each were granted 9,748 Class O LTIP units in our operating partnership representing a grant date fair value for each grant of \$100,014. These units vest 25% on the first anniversary of the date of grant and 6.25% on each quarter-end thereafter, subject to continued service as a director. See "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—LTIP Units" for a description of the Class O LTIP units.

The following table presents the number of outstanding option awards, Class O LTIP awards and Class RS LTIP awards held by each of the non-employee directors as of December 31, 2013.

<u>Name</u>	<u>Stock Option Awards Outstanding as of December 31, 2013(1)</u>	<u>Class O LTIP Unit Awards Outstanding as of December 31, 2013(2)</u>	<u>Class RS LTIP Units Awards Outstanding as of December 31, 2013(6)</u>
John W. Barter	28,985	14,750(3)	11,000(7)
William O. Grabe	28,985	35,000(4)	—
Catherine R. Kinney	—	9,748(5)	—
Peter A. Marino	28,985	—	14,000(8)
Scott D. Miller	—	9,748(5)	—
Philip P. Trahanas	28,985	35,000(4)	—
Stephen E. Westhead	—	9,748(5)	—

- (1) The options vest 25% on each quarterly anniversary of the grant date. None of the options had vested as of December 31, 2013.
- (2) Each vested Class O LTIP unit may be converted into a number of OP units equal to (i) (x) the excess of the then-capital account per OP unit over (y) the capital account per OP unit on the date of issuance of the Class O LTIP unit being converted, divided by (ii) the then-capital account per OP unit. See "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—LTIP Units" for a description of the Class O LTIP units.
- (3) These units were granted on May 27, 2010. 5,900 of these units vest 25% on the first anniversary of the date of grant and 6.25% on each quarter-end thereafter, subject to continued service as a director. 8,850 of these units automatically vest in full on March 1, 2015, subject to continued service as a director, but contain a performance-vesting feature that could result in earlier vesting. See "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—Equity Incentive Plans-Vesting and Change of Control—2010 Plan."
- (4) These units were granted on November 5, 2012 and vest 25% on the first anniversary of the date of grant and 6.25% on each quarter-end thereafter, subject to continued service as a director.
- (5) These units were granted on June 17, 2013 and vest 25% on the first anniversary of the date of grant and 6.25% on each quarter-end thereafter, subject to continued service as a director.
- (6) Each vested Class RS LTIP unit may be converted into one OP unit upon equalization of the Class RS LTIP unit's capital account with the then-capital account per OP unit. See "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—LTIP Units" for a description of the Class RS LTIP units.

- (7) These units were granted on September 1, 2012 and vest ratably over seven quarters beginning on September 30, 2012.
- (8) These units were granted on September 1, 2012 and vest 25% on the first anniversary of the date of grant and 6.25% on each quarter-end thereafter, subject to continued service as a director.

## **Company Policies**

### ***Stock Ownership Guidelines***

We believe that equity ownership by our directors and officers can help align their interests with our stockholders' interests. To that end, we have adopted formal share ownership guidelines applicable to all of our directors and named executive officers. On an annual basis, we evaluate the ownership status of the directors and named executive officers.

The Chief Executive Officer is required to own securities of the Company equal in value to at least five times his or her base salary. Each of the Company's other named executive officers is required to own securities of the Company equal to at least three times his or her base salary. The Chief Executive Officer and other named executive officers must comply with the ownership requirement within five years of being so named.

Our stock ownership guidelines with respect to our directors require stock ownership by our directors of four times the annual base cash retainer. Directors must comply with the ownership requirement within five years of becoming a member of the Board and are required to hold shares at this level while serving as a director.

The Nominating and Corporate Governance Committee may waive the stock ownership requirements in the event of financial hardship or other good cause.

### ***Hedging and Pledging of Company Securities***

Our Insider Trading Policy prohibits our directors and employees, including our named executive officers, from engaging in the following transactions: (i) trading in call or put options involving our securities and other derivative securities; (ii) engaging in short sales of our securities; (iii) holding our securities in a margin account; and (iv) pledging our securities to secure margins or other loans, subject to limited exceptions.

## **Communications with the Board**

Stockholders and other interested parties may communicate with the Board by either sending written correspondence to the "Lead Director" c/o the Chief Financial Officer of QTS Realty Trust, Inc., 12851 Foster Street, Overland Park, Kansas 66213, who will then directly forward such correspondence to the lead independent director, or by e-mailing directly to the independent lead director at [leaddirector@qtsdatacenters.com](mailto:leaddirector@qtsdatacenters.com). The lead independent director will decide what action should be taken with respect to the communication, including whether such communication should be reported to the full Board.

## **Compensation Committee Interlocks and Insider Participation**

No member of the Compensation Committee is or has ever been an officer or employee of the Company, and no member of the Compensation Committee had any relationships requiring disclosure by us under the SEC's rules requiring disclosure of certain relationships and related-party transactions. No executive officer serves as a member of a board of directors or compensation committee, or other committee serving an equivalent function, of any other entity that has one or more of its executive officers serving as a member of the Board or Compensation Committee. Accordingly, during 2013 there were no interlocks with other companies within the meaning of the SEC's proxy rules.



## EXECUTIVE OFFICERS

The following table sets forth certain information regarding our executive officers.

<u>Name</u>	<u>Position With the Company</u>	<u>Age as of the Annual Meeting</u>
Chad L. Williams	Chairman and Chief Executive Officer	43
William H. Schafer	Chief Financial Officer	56
James H. Reinhart	Chief Operating Officer—Operations	49
Daniel T. Bennewitz	Chief Operating Officer—Sales & Marketing	55
Jeffrey H. Berson	Chief Investment Officer	45
Shirley E. Goza	General Counsel	57

Please see “Proposal One: Election of Directors—Directors” starting on page 5 for information regarding Chad L. Williams.

**William H. Schafer** has served as our Chief Financial Officer since our initial public offering in October 2013. Previously, he served as the Chief Financial Officer of our predecessor from 2010 to our initial public offering. Mr. Schafer has more than 20 years of experience in the REIT industry and 33 years of experience in financial operations, accounting systems and financing activities. Prior to joining our predecessor, Mr. Schafer was the chief financial officer of DDR Corp. (NYSE: DDR) from 1992 to 2010, a public REIT and an owner and developer of retail properties. Prior to joining DDR Corp., Mr. Schafer was a senior manager of PricewaterhouseCoopers LLP. Mr. Schafer earned a Bachelor of Arts degree in business administration from the University of Michigan.

**James H. Reinhart** has served as our Chief Operating Officer—Operations since our initial public offering in October 2013. Previously, he served as the Chief Operating Officer—Operations of our predecessor from 2012 to our initial public offering. Mr. Reinhart has more than 25 years of experience in operations, technology, marketing and strategy. Prior to joining our predecessor, Mr. Reinhart held various positions at Genworth Financial, Inc. (NYSE: GNW), a financial services company, from 2005 to 2012. In his last position at Genworth Financial, Inc., Mr. Reinhart was the chief strategy and marketing officer of the U.S. Insurance & Wealth Management division. Prior to that, Mr. Reinhart held various positions at Capital One Financial Corporation (NYSE: COF), a financial services company, from 1999 to 2005, the last of which was vice president responsible for call center outsourcing, and various positions at the Hewlett-Packard Company (NYSE: HPQ), a technology products and software company, from 1993 to 1999. Mr. Reinhart earned a Master of Business Administration from the Harvard Graduate School of Business Administration, a Master of Science degree in electrical engineering from the University of Maryland and a Bachelor of Science degree in electrical engineering from the United States Naval Academy.

**Daniel T. Bennewitz** has served as our Chief Operating Officer—Sales & Marketing since our initial public offering in October 2013. Previously, he served as the Chief Operating Officer—Sales & Marketing of our predecessor from 2012 to our initial public offering. Mr. Bennewitz has more than 30 years of experience in sales, marketing, operations and global leadership positions. Prior to joining our predecessor, Mr. Bennewitz worked at IBM Corporation (NYSE: IBM), an information technology and products company, from 1980 to 2012. Mr. Bennewitz’s responsibilities included product, industry and global leadership positions across the company, and his last position was vice president of IBM’s sales model, a position in which he was responsible for leading IBM’s go-to-market model and sales force transformation. Mr. Bennewitz earned an A.B. degree in economics from Princeton University.

**Jeffrey H. Berson** has served as our Chief Investment Officer since our initial public offering in October 2013. Previously, he served as the Chief Investment Officer of our predecessor from August 2013 to our initial public offering. Mr. Berson has more than 20 years of experience in investment banking covering data center

companies and the technology and telecommunications sectors. Prior to joining our predecessor, Mr. Berson was a Managing Director at UBS AG, an international investment bank, from 2011 to 2013, a Managing Director at Oppenheimer and Co. Inc., an international investment bank, from 2009 to 2011, and a Managing Director at Barclays Capital, an international investment bank, from 2007 to 2009. Prior to 2007, Mr. Berson spent over 10 years at Canadian Imperial Bank of Commerce in the Investment Banking Department. Mr. Berson earned a Bachelor of Arts degree from the University of Pennsylvania, a Bachelor of Science degree from the Wharton School of the University of Pennsylvania and a Master of Business Administration from the University of Chicago.

*Shirley E. Goza* has served as our General Counsel since our initial public offering in October 2013. Previously, she served as the General Counsel of our predecessor from 2006 to our initial public offering. Ms. Goza has more than 30 years of experience as a practicing attorney and law professor. Prior to joining our predecessor, Ms. Goza co-owned and operated Focus Trial and Settlement Solutions, a company that facilitated mock trials for trial attorneys, and served as managing partner from 2004 to 2006. Ms. Goza previously was a partner with the law firm Shook, Hardy & Bacon from 2000 to 2004 and was Of Counsel at Spencer Fane Britt & Browne LLP from 1982 to 1990. Ms. Goza taught on the faculty at the University of Missouri, Kansas City, School of Law from 1990 through 1997 and was a visiting faculty member at the University of Kansas in 1996. Ms. Goza earned a Juris Doctorate from the University of Kansas and a Bachelor of Arts degree in English and psychology from Pittsburg State University.

## COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis discusses the principles underlying our policies and decisions with respect to the compensation of our named executive officers. Specifically, this section provides an overview of our executive compensation philosophy, the overall objectives of our executive compensation program and each compensation component that we provide. Each of the key elements of our executive compensation program is discussed in more detail below.

In 2013, our “named executive officers” and their positions were as follows:

- Chad L. Williams, Chairman and Chief Executive Officer;
- William H. Schafer, Chief Financial Officer;
- James H. Reinhart, Chief Operating Officer—Operations;
- Daniel T. Bennewitz, Chief Operating Officer—Sales & Marketing; and
- Jeffrey H. Berson, Chief Investment Officer.

The following discussion and analysis of compensation arrangements of our named executive officers should be read together with the compensation tables and related disclosures set forth below.

### Executive Summary

We are a leading owner, developer and operator of state-of-the-art, carrier neutral, multi-tenant data centers. Our data centers are facilities that house the network and computer equipment of multiple customers and provide access to a range of communications carriers. We have a fully integrated platform through which we own and operate our data centers and provide a broad range of information technology, or IT, infrastructure solutions. We believe that we own and operate one of the largest portfolios of multi-tenant data centers in the United States, with data centers located in some of the top U.S. data center markets and other high growth markets.

Fiscal year 2013 was a significant year for us. In addition to successfully completing our initial public offering, through which we raised approximately \$279 million in net proceeds, we achieved a number of other performance objectives, including:

- Achieved total stockholder return of approximately 19% from the date of our initial listing through December 31, 2013, significantly outperforming the returns of the broader REIT industry over this time period;
- Operating funds from operations (“FFO”) increased by 94% in 2013 (including our predecessor) when compared to fiscal year 2012 for our predecessor;
- Adjusted EBITDA increased by 36% in fiscal year 2013 (including our predecessor) when compared to fiscal year 2012 for our predecessor; and
- Revenue increased by 22% in fiscal year 2013 (including our predecessor) when compared to fiscal year 2012 for our predecessor.

In light of our performance and the performance of the individual executives, annual bonuses of 90% of the aggregate salary paid by us and our predecessor were provided to Chad L. Williams and William H. Schafer, and annual bonuses of 45% of the aggregate salary paid by us and our predecessor were paid to our other named executive officers for their performance during 2013. In addition, equity awards in the form of restricted stock and stock options were granted during 2013 to our named executive officers with values ranging from approximately \$350,000 to \$550,000 in recognition of their efforts in our successful initial public offering (plus 30,952 shares of restricted stock granted to Mr. Berson valued at approximately \$650,000 granted concurrently with our initial public offering, as required pursuant to Mr. Berson’s employment agreement in connection with his hiring in August 2013).

We generally calculate Operating FFO as FFO (calculated in accordance with the standards established by the National Association of Real Estate Investment Trusts, or NAREIT) excluding certain non-recurring and primarily non-cash charges and gains and losses that management believes are not indicative of the results of our operating real estate portfolio. A reconciliation of Operating FFO to net income (loss) is included on page 83 of our Annual Report on Form 10-K for the year ended December 31, 2013. We calculate Adjusted EBITDA as EBITDA (net income (loss) adjusted to exclude interest expense and interest income, provision for income taxes (including income taxes applicable to sale of assets) and depreciation and amortization) excluding unamortized deferred financing costs, gains on extinguishment of debt, transaction costs, equity-based compensation expense, restructuring charge, gain (loss) on legal settlement and gain on sale of real estate. A reconciliation of Adjusted EBITDA to net income (loss) is included on page 86 of our Annual Report on Form 10-K for the year ended December 31, 2013.

### **Executive Compensation Philosophy and Objectives**

We believe that the primary goal of executive compensation is to align the interests of our executive officers with those of our stockholders in a way that allows us to attract and retain the best executive talent. Given the competitive market for executive talent with the specialized knowledge, skills and abilities to be successful in the data center business, the ability to attract and retain executives is imperative to creating long-term value for our stockholders.

- Central to our ability to attract and retain our executives is providing base salaries that fairly reward them for their value to the organization in successfully performing their respective roles.
- We view incentive compensation as a means to motivate and reward our executives for performance, including the achievement of our financial and operational objectives, individual goals and value creation for stockholders. In accordance with our “pay for performance” approach, a substantial portion of our executive pay is in the form of short-term, annual cash incentives and long-term, equity-based incentives.
- We evaluate our executive pay program and make pay decisions within the context of a total compensation framework, in order to ensure our overall compensation objectives are met. In doing so, we recognize the distinct nature of the individual elements of our pay program, but are mindful of the interrelationship of the various components to the successful execution of our overall pay strategy.

### **Role of the Compensation Committee and Management**

The Compensation Committee is comprised of non-employee independent directors who develop, amend and approve our executive compensation program and is responsible for the overall design and administration of our executive compensation programs. For a more detailed description of the responsibilities of the Compensation Committee, see “Corporate Governance and Board Matters—Committees of the Board—Compensation Committee.”

Our goal is to maintain a flexible compensation program that allows us to adapt components and levels of compensation in order to motivate, reward and retain individual named executive officers within the context of the attainment of performance objectives. When determining the overall compensation of our named executive officers, including base salaries and annual short-term and long-term incentive amounts, the Compensation Committee considers a number of factors it deems important, including:

- the executive officer’s experience, knowledge, skills, level of responsibility and potential to influence our performance;
- the business environment, our strategy, and our financial, operational and market performance;
- corporate governance and regulatory factors related to executive compensation; and
- marketplace compensation levels and practices.

The Compensation Committee makes compensation decisions for our executive officers after careful review and analysis of appropriate performance information and market compensation data. The Compensation Committee determines the compensation for the Chief Executive Officer. The Chief Executive Officer provides recommendations to the Compensation Committee on the compensation for each executive officer other than himself. The Chief Executive Officer does not make recommendations with respect to his own compensation. The Chief Executive Officer's recommendations for the other executive officers are based on his personal review of their performance, job responsibilities, and importance to our overall business strategy. Although the Chief Executive Officer's recommendations are given significant weight, the Compensation Committee retains full discretion when determining compensation.

### **Role of the Compensation Consultant**

The Compensation Committee retains the authority to approve and monitor all compensation and benefit programs (other than broad-based welfare benefit programs). The Compensation Committee engaged the services of Towers Watson, an executive compensation consultant, to provide advice and counsel in carrying out its duties. Towers Watson provided the Compensation Committee with market data on executive pay practices and levels, provided recommendations regarding the structure of executive employment agreements, pay opportunities and equity based incentives. In addition, Towers Watson worked with us to establish the QTS Realty Trust, Inc. 2013 Equity Incentive Plan (the "2013 Equity Incentive Plan").

The Compensation Committee has the sole authority to approve the compensation consultant's fees and terms of their engagement. The Compensation Committee has reviewed its relationship with Towers Watson to ensure that it believes that Towers Watson is independent from management. This review process includes a review of the services Towers Watson provides, the quality of those services, and fees associated with the services during the fiscal year, as well as consideration of the factors impacting independence that are set forth in NYSE rules.

### **Use of Comparative Market Data**

To gauge marketplace compensation levels and practices, the Compensation Committee worked with Towers Watson to develop a comparative group of organizations and conduct a market analysis of executive compensation practices and pay levels based on this group. The comparative group included 26 publicly traded REITs, including direct data center REIT competitors, as well as REITs representing other asset classes, but comparable in size to us based on total capitalization. The specific REITs in the comparative group included:

Agree Realty Corporation	Hudson Pacific Properties, Inc.
AmREIT, Inc.	Kite Realty Group Trust
Aviv REIT, Inc.	LTC Properties, Inc.
Campus Crest Communities, Inc.	Monmouth Real Estate Investment Corporation
Cedar Realty Trust, Inc.	National Health Investors, Inc.
Chatham Lodging Trust	National HealthCare Corporation
CoreSite Realty Corporation	One Liberty Properties, Inc.
CyrusOne Inc.	Retail Opportunity Investments Corp.
Digital Realty Trust, Inc.	Sabra Health Care REIT, Inc.
DuPont Fabros Technology, Inc.	STAG Industrial, Inc.
Education Realty Trust, Inc.	Summit Hotel Properties, Inc.
Excel Trust, Inc.	Terreno Realty Corporation
First Potomac Realty Trust	Whitestone REIT

The Compensation Committee used this comparative group data to guide its review of the total compensation of our executive officers and generally reviews the compensation data of the comparative group and industry to understand market competitive compensation. The Compensation Committee focuses on ensuring

that the elements of our executive compensation program are consistent with peer and industry trends. However, the Compensation Committee does not benchmark compensation to a specific percentage of the compensation of this comparative group or otherwise apply a formula or assign this comparative group a relative weight

### **Elements of Executive Officer Compensation Program**

The following is a summary of the elements of and amounts paid under our executive officer compensation programs for fiscal year 2013. The annualized 2013 compensation for each of our named executive officers was determined based on a review of publicly disclosed compensation packages of executives of other public real estate companies and negotiations with the executive officers.

*Annual Base Salary.* Our named executive officers' base salaries represent a fixed level of compensation that is meant to reward them fairly for their value to the company based on their respective roles and responsibilities. Our named executive officers' base salaries were negotiated as a part of their employment agreements and are as follows:

<u>Name</u>	<u>2013 Annualized Base Salary</u>
Chad L. Williams	\$550,000
William H. Schafer	\$350,000
James H. Reinhart	\$350,000
Daniel T. Bennewitz	\$350,000
Jeffrey H. Berson	\$325,000

In determining base salaries, our Compensation Committee considered each executive's role and responsibility, experience, knowledge, unique skills, future potential with our company, salary levels for similar positions in our target market, and internal pay equity.

*Annual Cash Bonus.* Annual cash bonuses are designed to motivate our executive officers to achieve performance at both a company and individual level. Under the terms of their employment agreements, our executives have defined target annual bonuses, expressed as a percentage of each executive's respective salary. For bonuses with respect to the 2013 fiscal year, the Compensation Committee reviewed the performance of the Company (together with its predecessor) and each executive and approved bonus payouts for each executive in light of such bonus targets. As we completed our initial public offering in October 2013, we have paid no cash bonuses during 2013 with respect to periods prior to October 2013 (although our predecessor historically paid cash bonuses for periods prior to October 2013). In making the bonus decisions, the Committee considered the following:

- the results of the Company's performance during 2013 following our initial public offering, including the level of company-wide achievement of revenue, as well as the levels of our FFO, our Operating FFO, our monthly recurring revenue, our net operating income, our EBITDA, and our Adjusted EBITDA; and
- his or her individual responsibilities, experience, qualifications, individual performance and contributions to the Company, as well as an analysis of data from the comparative group discussed previously.

The Compensation Committee considers all relevant facts and circumstances when evaluating performance, including changing market conditions and broad corporate strategic initiatives, along with overall responsibilities and contributions, and retains the ability to exercise its judgment and discretion to adjust an award up or down. Beginning with annual cash bonus awards for fiscal year 2014, the Compensation Committee intends to award bonuses based on the level of achievement of specific performance and individual goals throughout the year, with such goals being communicated to the named executive officer during the first quarter of the fiscal year.



The table below details each named executive officer's target bonus opportunity under his employment agreement and the actual bonus approved by the Compensation Committee based on 2013 performance.

<u>Name</u>	<u>Target Bonus</u>		<u>Actual Bonus for 2013</u>	
	<u>% of Salary</u>	<u>Value</u>	<u>% of Salary(1)</u>	<u>Value</u>
Chad L. Williams	100%	\$550,000	90%	\$495,000
William H. Schafer	100%	\$350,000	90%	\$315,000
James H. Reinhart	50%	\$175,000	45%	\$157,500
Daniel T. Bennewitz	50%	\$175,000	45%	\$157,500
Jeffrey H. Berson	50%	\$162,500	45%	\$146,250

- (1) The named executive officers elected to receive only 90% of their target bonuses in order to reward employees of the Company for a strong financial performance and for successfully taking the Company public. The remaining 10% that otherwise would have been paid to the named executive officers was instead used to fund employee bonuses.

*Equity Awards.* We provide equity awards pursuant to the 2013 Equity Incentive Plan. In connection with the completion of our initial public offering in October 2013, our named executive officers were granted a combination of restricted stock and stock option awards equal in value to their respective annual base salaries. These restricted stock and stock option awards vest ratably over four years beginning on the first anniversary of the date of grant and each quarter-end thereafter, subject to continued service as an employee. These initial awards granted to our named executive officers were designed to reward each individual's contribution to our formation and initial public offering, as well as create an additional retention element, and to ensure that their interests are aligned with the interests of our stockholders. We believe that it is in our best interests to have an element of retention in our compensation programs and that it is important for members of our management team and other key employees to receive equity awards that align their interests with the interests of our stockholders.

In addition to the grant in connection with our initial public offering described above, Mr. Berson was also granted 30,952 restricted shares of Class A common stock at the time of our initial public offering pursuant to his employment agreement in connection with his hiring in August 2013. These awards vest ratably over four years beginning on the first anniversary of the date of grant and each quarter-end thereafter, subject to Mr. Berson's continued employment.

The table below provides information on the equity grants related to our initial public offering made to each of our named executive officers. Approximately 75% of the value of the total award was granted in the form of restricted stock, with the remaining 25% delivered in the form of stock options. The Compensation Committee determined the value of the restricted stock and stock option awards taking into consideration, among other factors, the competitive market information provided by Towers Watson.

<u>Name</u>	<u>Restricted Stock Awards</u>		<u>Stock Option Awards</u>		<u>Total Equity Award Value</u>
	<u>Shares</u>	<u>Value at IPO</u>	<u>Shares Underlying Options</u>	<u>Value at IPO</u>	
Chad L. Williams	19,642	\$412,482	39,062	\$137,498	\$549,980
William H. Schafer	12,500	\$262,500	24,857	\$ 87,496	\$349,996
James H. Reinhart	12,500	\$262,500	24,857	\$ 87,496	\$349,996
Daniel T. Bennewitz	12,500	\$262,500	24,857	\$ 87,496	\$349,996
Jeffrey H. Berson	42,559(1)	\$893,739(1)	23,082	\$ 81,249	\$974,988

- (1) The amount includes an additional grant of 30,952 shares valued at approximately \$650,000 granted concurrently with our initial public offering, as required pursuant to Mr. Berson's employment agreement in connection with his hiring in August 2013.

We expect to design and administer our equity incentive portion of our executive compensation program to focus our executive officers on, and reward them for, achieving our long-term goals and enhancing stockholder

value. In determining future equity awards, we anticipate that our Compensation Committee will take into account our company's overall financial and operational performance, stockholder returns, individual contributions and competitive market practices.

All of our outstanding LTIP units were granted by our operating partnership at times prior to our initial public offering under our operating partnership's equity incentive plan—the QualityTech, LP 2010 Equity Incentive Plan (the “2010 Plan”)—which was established by the former general partner of our operating partnership for the purpose of granting awards of partnership unit options, restricted units and profits interests in the operating partnership to employees, directors and other service providers of the operating partnership. Since our initial public offering we have not, and we will not, make any further awards under the 2010 Plan. Following our initial public offering, the only awards that remain outstanding under the 2010 Plan are our outstanding LTIP units.

*Retirement Savings Opportunities.* All employees, including our executive officers, who satisfy certain eligibility requirements, may participate in our 401(k) Retirement Savings Plan, or 401(k) plan. This plan allows our employees to save for retirement in a tax efficient manner. Under the 401(k) plan, employees are eligible to defer a portion of their salary or annual cash compensation, and we, at our discretion, may make a matching contribution and/or a profit sharing contribution. During 2013, we matched 25% of an employee's contributions up to a maximum matching contribution of 4% (subject to qualified plan maximum amounts) of the employee's salary. We provide no supplemental or additional retirement benefits for our executives.

*Health and Welfare Benefits.* We provide what we believe is a competitive benefits package to employees in order to attract and retain our employees by providing a level of security through these benefits that is consistent with the market. Our health and welfare benefits include medical, dental, vision, disability insurance and life insurance benefits. These benefits are made available to all full-time employees meeting our eligibility requirements.

*Perquisites and Supplemental Benefits.* In limited circumstances, we provide perquisites and supplemental benefits to our executive officers. These perquisites currently include financial planning assistance, and with respect to Mr. Schafer, a corporate country club membership and the reimbursement of supplemental disability insurance premiums.

In the future, we may provide perquisites or other personal benefits in limited circumstances, such as where we believe it is appropriate to assist an individual executive officer in the performance of his or her duties, to make our executive officers more efficient and effective, and for recruitment, motivation and/or retention purposes. Future perquisites or other personal benefits for our executive officers will be approved and subject to periodic review by our Compensation Committee. We do not expect these perquisites to be a material component of our compensation program.

## **Employment Agreements**

We have entered into employment agreements with each of our executive officers. These agreements protect our executives by providing:

- economic stability that enables our executive officers to focus on the performance of their duties;
- death or disability payments and benefits in the event of certain terminations of employment; and
- in some cases, payments and benefits in the event of certain terminations following a change of control in our company.

In addition, these agreements protect the company from certain business risks such as threats from competitors, loss of confidentiality, disparagement and solicitation of employees. Consistent with good governance practices, our employment agreements do not include Section 280G excise tax gross-ups.



The employment agreements are described in more detail below under “Compensation of Executive Officers—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table” section below.

### **Tax and Accounting Considerations**

*Code Section 162(m).* Generally, Section 162(m) of the Internal Revenue Code of 1986 (the “Code”), or Section 162(m), disallows a tax deduction for any publicly held corporation for individual compensation exceeding \$1.0 million in any taxable year to its chief executive officer and each of its three other most highly compensated executive officers, other than its chief financial officer, unless such compensation qualifies as “performance-based compensation” within the meaning of the Code. Our Compensation Committee may seek to qualify the variable compensation paid to our executive officers for an exemption from the deductibility limitations of Section 162(m). As such, in approving the amount and form of compensation for our executive officers in the future, our Compensation Committee will consider all elements of the cost to us of providing such compensation, including the potential impact of Section 162(m). However, our Compensation Committee may, in its judgment, authorize compensation payments that do not comply with the exemptions in Section 162(m) when it believes that such payments are appropriate to attract and retain executive talent.

Furthermore, under a Section 162(m) transition rule for compensation plans of corporations which are privately held and which become publicly held in an initial public offering, certain awards under the 2013 Equity Incentive Plan and other pre-existing plans will not be subject to Section 162(m) until the expiration of a post-closing transition period, which will occur on the earliest to occur of our annual stockholders’ meeting in 2017, a material modification or expiration of the applicable plan or the exhaustion of the shares or other compensation reserved for issuance under the plan. In addition, substantially all of the services rendered by our executive officers are performed on behalf of our operating partnership. The Internal Revenue Service has issued a series of private letter rulings that indicate that compensation paid by an operating partnership to executive officers of a REIT that serves as its general partner is not subject to limitation under Section 162(m) to the extent such compensation is attributable to services rendered to the operating partnership. Although we have not obtained a ruling on this issue, we believe the positions taken in the rulings would apply to our operating partnership as well once the Section 162(m) transitional rule requirements are no longer applicable.

*Code Section 409A.* Section 409A of the Internal Revenue Code of 1986, or Section 409A, requires that “nonqualified deferred compensation” be deferred and paid under plans or arrangements that satisfy the requirements of the statute with respect to the timing of deferral elections, timing of payments and certain other matters. Failure to satisfy these requirements can expose employees and other service providers to accelerated income tax liabilities, penalty taxes and interest on their vested compensation under such plans. Accordingly, as a general matter, it is our intention to design and administer our compensation and benefits plans and arrangements for all of our employees and other service providers, including our executive officers, so that they are either exempt from, or satisfy the requirements of, Section 409A.

*Accounting for Stock-Based Compensation.* We follow FASB Accounting Standards Codification Topic 718, or ASC Topic 718, for our stock-based compensation awards. ASC Topic 718 requires companies to calculate the grant date “fair value” of their stock-based awards using a variety of assumptions. ASC Topic 718 also requires companies to recognize the compensation cost of their stock-based awards in their income statements over the period that an employee is required to render service in exchange for the award. Grants of stock options, restricted stock, restricted stock units and other equity-based awards under our equity incentive award plans will be accounted for under ASC Topic 718. Our Compensation Committee will regularly consider the accounting implications of significant compensation decisions, especially in connection with decisions that relate to our equity incentive award plans and programs. As accounting standards change, we may revise certain programs to appropriately align accounting expenses of our equity awards with our overall executive compensation philosophy and objectives.

## COMPENSATION COMMITTEE REPORT

The Compensation Committee reviewed and discussed the Compensation Discussion and Analysis included in this Proxy Statement with management. Based on such review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement for filing with the Securities and Exchange Commission.

Respectfully submitted,

The Compensation Committee

WILLIAM O. GRABE (*Chairman*)

CATHERINE R. KINNEY

PHILIP P. TRAHANAS

## COMPENSATION OF EXECUTIVE OFFICERS

The following tables set forth certain compensation information for each of our named executive officers for the fiscal year ended December 31, 2013. Our named executive officers are: Chad L. Williams, our Chairman and Chief Executive Officer, William H. Schafer, our Chief Financial Officer, James H. Reinhart, our Chief Operating Officer—Operations, Daniel T. Bennewitz, our Chief Operating Officer—Sales & Marketing, and Jeffrey H. Berson, our Chief Investment Officer.

### 2013 Summary Compensation Table

<u>Name</u>	<u>Year</u>	<u>Salary(1)</u>	<u>Bonus(2)</u>	<u>Stock Awards(3)</u>	<u>Option Awards(4)</u>	<u>All Other Compensation(5)</u>	<u>Total</u>
Chad L. Williams	2013	\$550,000	\$495,000	\$412,482	\$137,498	\$129,566	\$1,724,546
William H. Schafer	2013	\$350,000	\$315,000	\$262,500	\$ 87,496	\$256,011	\$1,271,007
James H. Reinhart	2013	\$350,000	\$157,500	\$262,500	\$ 87,496	\$ 38,449	\$ 895,945
Daniel T. Bennewitz	2013	\$350,000	\$157,500	\$262,500	\$ 87,496	\$ 38,652	\$ 896,148
Jeffrey H. Berson	2013	\$325,000	\$146,250	\$893,739	\$ 81,249	\$ 9,079	\$1,455,317

- (1) Represents full salary for 2013, including amounts paid by our predecessor for service as an executive officer of our predecessor prior to our initial public offering in October 2013.
- (2) Represents full bonus for 2013, including amounts related to service as an executive officer of our predecessor prior to our initial public offering in October 2013.
- (3) Reflects the aggregate grant date value of restricted stock awards granted concurrently with our initial public offering on October 15, 2013, calculated in accordance with FASB ASC Topic 718. The aggregate grant date value of the restricted stock was calculated by multiplying the initial public offering share price of \$21.00 by the number of shares of restricted stock granted. With respect to Mr. Berson, this amount includes an additional grant of 30,952 shares of restricted stock valued at approximately \$650,000 that were granted concurrently with our initial public offering as required by his employment agreement, which was entered into in connection with his hiring in August 2013.
- (4) Reflects the aggregate grant date fair value of options granted concurrently with our initial public offering on October 15, 2013, calculated in accordance with FASB ASC Topic 718. The assumptions used to calculate these amounts are described in Note 9—“Equity and Incentive Compensation Plans” to our consolidated financial statements include in our Annual Report on Form 10-K for the year ended December 31, 2013.
- (5) Includes amounts paid by our predecessor prior to our initial public offering in October 2013 and consists of the value of our 401(k) plan match, financial planning assistance, paid time off and medical, dental, long-term disability, group term life insurance premiums and, with respect to Mr. Schafer only, fees for a corporate country club membership and the reimbursement of supplemental disability insurance premiums. On an individual basis, these amounts include, among other things:
  - with respect to Mr. Williams, approximately \$20,000 of financial and investment planning services, \$13,846 of paid time off, \$11,275 of medical insurance premiums and \$79,370 of work performed by employees of the Company before the Company’s initial public offering for other businesses owned by Mr. Williams or his family (which amount is based on the aggregate expenses to the Company of such employees attributable to the time spent for such other businesses);
  - with respect to Mr. Schafer, \$12,000 of financial and investment planning services, \$9,305 of paid time off, \$11,275 of medical insurance premiums; \$9,041 of disability insurance premiums, a \$200,000 payment made in connection with the amendment and restatement of Mr. Schafer’s employment agreement prior to our initial public offering and \$9,395 for a corporate country club membership;
  - with respect to Mr. Reinhart, \$12,000 of financial and investment planning services, \$9,423 of paid time off and \$11,898 of medical insurance premiums; and

- with respect to Mr. Bennewitz, \$12,000 of financial and investment planning services, \$9,423 of paid time off and \$11,898 of medical insurance premiums.

### 2013 Grants of Plan-Based Awards

The following table sets forth information concerning the grants of plan-based awards made to each of our named executive officers for the fiscal year ended December 31, 2013.

<u>Name and Position</u>	<u>Grant Date</u>	<u>Number of Shares of Stock (1)</u>	<u>Number of Securities Underlying Options(2)</u>	<u>Exercise or Base Price of Option Awards</u>	<u>Grant Date Fair Value of Stock and Option Awards (3)</u>
<b>Chad L. Williams</b>					
Chairman and Chief Executive Officer	10/15/13	19,642	—	—	\$412,482
	10/15/13	—	39,062	\$21.00	\$137,498
<b>William H. Schafer</b>					
Chief Financial Officer	10/15/13	12,500	—	—	\$262,500
	10/15/13	—	24,857	\$21.00	\$ 87,496
<b>James H. Reinhart</b>					
Chief Operating Officer—Operations	10/15/13	12,500	—	—	\$262,500
	10/15/13	—	24,857	\$21.00	\$ 87,496
<b>Daniel T. Bennewitz</b>					
Chief Operating Officer—Sales & Marketing	10/15/13	12,500	—	—	\$262,500
	10/15/13	—	24,857	\$21.00	\$ 87,496
<b>Jeffrey H. Berson</b>					
Chief Investment Officer	10/15/13	42,559(4)	—	—	\$893,739(4)
	10/15/13	—	23,082	\$21.00	\$ 81,249

- (1) These awards vest 25% on the first anniversary of the date of grant and 6.25% on each quarter-end thereafter, subject to continued service as an employee.
- (2) These awards vest 25% on the first anniversary of the date of grant and 6.25% on each quarter-end thereafter, subject to continued service as an employee.
- (3) Amounts represent the aggregate grant date fair value of shares of restricted Class A common stock and options to purchase shares of Class A common stock granted to our executive officers in connection with our initial public offering on October 15, 2013, calculated in accordance with FASB ASC Topic 718.
- (4) In addition to the equity award grant to all named executive officers made concurrently with our initial public offering, Mr. Berson, pursuant to his employment agreement in connection with his hiring in August 2013, was granted an additional 30,952 shares of restricted common stock with an aggregate grant date fair value of \$650,000.

### Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

#### *Executive Employment Agreements*

We have entered into employment agreements with each of Messrs. Williams, Schafer, Reinhart, Bennewitz and Berson and Ms. Goza.

#### *Williams Employment Agreement*

Mr. Williams' employment agreement provides for a three-year term with automatic renewal terms of one year, unless either party gives a non-renewal notice within a specified time frame. Mr. Williams is obligated to

devote substantially all of his business time and effort to the performance of his duties to us, provided that he is permitted to engage in other specified activities, including engaging in civic, charitable and religious activities and management of personal investments and affairs, including active involvement in real estate or other investments not involving data centers in any material respect, in each case so long as such activities do not materially and adversely interfere with Mr. Williams' discharge of his duties and obligations to us.

Mr. Williams' employment agreement provides for a base salary of \$550,000, a bonus opportunity targeted at 100% of base salary for targeted performance, with additional amounts being paid for exceptional performance as determined by the Compensation Committee, and paid vacation of 25 days or the number of days granted to any other executive, whichever is greater. In addition, upon termination of Mr. Williams' employment agreement, other than as a result of a termination for "cause" or a resignation without "good reason," as those terms are defined in the employment agreement, Mr. Williams will, upon execution of a release acceptable to us, be eligible to receive the following benefits in addition to his then-accrued compensation (as defined below):

- a lump sum cash payment equal to the sum of (A) two times his then-current base salary and (B) two times his annual bonus for the year of termination, calculated assuming achievement of all performance goals necessary to achieve the maximum bonus level;
- full vesting of his equity awards; and
- the right to continued participation by Mr. Williams and his family members, for a period of 24 months, in our group health plans (or, if the same is not permitted by law or the terms of the plan, reimbursement of the cost of equivalent coverage), subject to reimbursement by Mr. Williams of the cost of such participation by his extended family members.

In the event Mr. Williams is terminated other than as a result of a termination for cause or a resignation without good reason within two years following a "change in control," Mr. Williams will be eligible to receive the severance compensation set forth above, provided that (1) the payment set forth in the first bullet point set forth above will be calculated with a three times multiple, and (2) Mr. Williams also will be entitled to one year of outplacement services and support. In the event Mr. Williams is terminated as a result of death or disability, he will be eligible to receive the severance compensation set forth above, provided that the payment set forth in the first bullet point set forth above will be calculated with a one times multiple.

Pursuant to Mr. Williams' employment agreement, we provide standard company health insurance to cover Mr. Williams and members of his immediate family (and, if coverage of his immediate family is not permitted by law or the terms of the plan, he will be reimbursed for the cost of equivalent coverage). We also provide standard company health insurance to cover specified members of Mr. Williams' extended family, provided that Mr. Williams will reimburse us for the cost of such coverage. In addition, Mr. Williams may from time to time seek assistance from two of our employees for personal accounting and financial matters. To the extent that Mr. Williams utilizes other employees for matters unrelated to our business, such arrangements will be in accordance with established procedures, including reimbursement of the reasonable value associated with any material use.

Mr. Williams' employment agreement provides that, during the term and for a period of one year following his termination, Mr. Williams will not (a) directly or indirectly, engage in any business involving the development, construction, acquisition, ownership or operation of data center properties, colocation facilities and/or the provision of managed services in the United States, whether such business is conducted by the executive individually or as a principal, partner, member, stockholder, joint venturer, director, trustee, officer, employee, consultant, advisor or independent contractor of any person or (b) own any interests in any data center facilities, colocation facilities or managed service providers in the United States, other than up to five percent of the outstanding shares of any public company. Moreover, Mr. Williams' employment agreement also provides that, during the term and for a one-year period following his termination, he will not solicit any of our customers for data center space within the United States, encourage any of our customers to reduce their patronage of us, solicit or hire any of our current employees or independent contractors, or encourage any of our employees or

independent contractors to terminate their employment with, or cease rendering services to, us. In addition, Mr. Williams' employment agreement provides for a confidentiality covenant on the part of Mr. Williams and a covenant that both we and Mr. Williams agree not to talk about or otherwise communicate to any third parties in a malicious, disparaging or defamatory manner regarding the other.

Mr. Williams' employment agreement generally defines

- "change in control" as (i) the acquisition by a person, entity or affiliated group, in a transaction or series of transactions, of at least 30% of the total combined voting power of our outstanding securities, (ii) individuals who, at the beginning of any 12 month period, constitute our Board cease for any reason to constitute a majority of our Board at the end of such 12 month period, treating any individual whose election or nomination was approved by a majority of the incumbent directors as an incumbent director for this purpose, (iii) a merger, consolidation or recapitalization following which voting securities prior to the transaction represent less than 70% of our voting securities after the transaction, or (iv) a sale of all or substantially all of our assets;
- "cause" as Mr. Williams' (i) willful act or omission that causes material harm and represents a breach his obligation to maintain the company's confidential information, (ii) conviction and exhaustion of all appeals of, or pleading guilty or nolo contendere to, a crime that constitutes a felony involving dishonesty or moral turpitude, or (iii) willful commission of an act of fraud, embezzlement, misappropriation or breach of fiduciary duty against the Company; and
- "good reason" as (i) the diminution in Mr. William's authority, duties or responsibilities, or any adverse change in his title as chief executive officer of the Company or in his title as Chairman of the Board (including failure of Mr. Williams to be elected Chairman of the Board at any annual meeting of stockholders), or failure of the Board to nominate Mr. Williams for election as Chairman of the Board at any annual meeting of stockholders, (ii) movement of Mr. William's place of employment by more than fifty miles from Overland Park, Kansas, (iii) any diminution in Mr. William's base compensation, as in effect from time to time, (iv) a material breach by the Company of any term of the employment agreement, or (v) the failure of any successor to the Company to assume the agreement.

#### *Schafer Amended and Restated Employment Agreement*

Mr. Schafer's amended and restated employment agreement provides for an initial term expiring March 31, 2016 with automatic renewal terms of one year, unless either party gives a non-renewal notice within a specified time frame. Mr. Schafer is obligated to devote substantially all of his business time and effort to the performance of his duties to us, provided that he is permitted to engage in other specified activities, including civic, charitable and religious activities and management of personal investments and affairs, so long as such activities do not materially and adversely interfere with Mr. Schafer's discharge of his duties and obligations to us.

Our employment agreement with Mr. Schafer provides for a base salary of \$350,000, a bonus opportunity targeted at 100% of base salary for threshold performance, with additional amounts being paid for exceptional performance as determined by the Compensation Committee, and four weeks' paid vacation. In addition, upon termination of Mr. Schafer's employment agreement, other than as a result of a termination for "cause," a resignation without "good reason" or a termination following death or disability, as each of those terms are defined in the employment agreement, Mr. Schafer will, upon execution of a release acceptable to us, be eligible to receive the following benefits in addition to his then-accrued compensation (as defined below):

- a lump sum cash payment equal to the sum of (A) one times his then current base salary, (B) his prorated bonus for the year of termination, and (C) one times his annual bonus for the year of termination, calculated assuming achievement of all performance goals necessary to achieve the maximum bonus level;
- solely in the case of termination without cause or with good reason, vesting of any equity awards that otherwise would have vested during the term in which the termination occurred;



- solely in the case of death or disability, full vesting of equity awards; and
- continued coverage under our health insurance plans for one year following termination (provided that if such continuation is not possible, we will reimburse an amount equal to the cost of health insurance coverage for Mr. Schafer and his family for one year following his termination that is substantially similar to the coverage provided to Mr. Schafer under our health insurance plans prior to his termination) and reimbursement of premiums for any subsequent COBRA continuation coverage.

In the event Mr. Schafer's employment is terminated because we elect not to renew his employment agreement, then Mr. Schafer will be deemed to have been terminated without cause and eligible to receive the severance payments set forth above. In addition, in the event Mr. Schafer is terminated other than as a result of a termination for cause or a resignation without good reason within two years following a "change in control," he will be eligible to receive the following benefits in addition to his then-accrued compensation (as defined below):

- a lump sum cash payment equal to the sum of (A) two times his then current base salary and (B) two times his annual bonus for the year of termination, calculated assuming achievement of all performance goals necessary to achieve the maximum bonus level;
- reimbursement of the cost of health, disability and accidental death, and dismemberment insurance in an amount not less than that provided at the time of Mr. Schafer's termination or, if greater, on the date on which the change in control occurred, until the earlier of (x) the date on which Mr. Schafer becomes eligible to receive substantially the same or greater benefits from another employer or (y) the second anniversary of the date of his termination; and
- one year of outplacement services and support.

Mr. Schafer's employment agreement provides that, during the term and for a period of one year following his termination, he may not, directly or indirectly, own, manage, control or participate in the ownership, management or control of, or be employed or engaged by or otherwise affiliated or associated as a consultant, independent contractor or otherwise with, any other company, corporation, partnership, proprietorship, firm, association or other business entity engaged in the business of, or otherwise engage in the business of, acquiring, owning, developing or managing data centers, other than the ownership of up to five percent of the outstanding shares of any public company. Moreover, Mr. Schafer's employment agreement provides that, during the term and for a one-year period following his termination, he will not solicit any of our customers for data center space within the United States, encourage any of our customers to reduce their patronage of us, solicit or hire any of our current employees or independent contractors or former employees or independent contractors who left employment within the prior year, or encourage any of our employees or independent contractors to terminate their employment with, or cease rendering services to, us. In addition, Mr. Schafer's employment agreement provides for a confidentiality covenant on the part of Mr. Schafer and a covenant that both we and Mr. Schafer agree not to talk about or otherwise communicate to any third parties in a malicious, disparaging or defamatory manner regarding the other.

Mr. Schafer's employment agreement defines "change in control" in the same manner as Mr. Williams' employment agreement as described above in the section called "—Williams Employment Agreement." In addition, Mr. Schafer's employment agreement generally defines

- "cause" as Mr. Schafer's (i) willful act or omission that causes material harm and represents (a) a material breach of the agreement or (b) any breach of certain covenants in the agreement, including those related to confidential information, non-disparagement, non-competition, non-solicitation and cooperation, (ii) conviction of, or pleading guilty or nolo contendere to, a crime that constitutes a felony or a misdemeanor involving dishonesty or moral turpitude; (iii) willful and material violation of the written rules, regulations, procedures, or policies relating to the conduct of employees, directors or officers of the Company that cause material harm; (iv) commission of an act of dishonesty, theft, fraud, embezzlement or material misappropriation of property of the Company; or (v) act that will or is reasonably expected to have, a significant adverse effect on the business or reputation of the Company unless such act was taken with the good faith belief that it was in the best interest of the Company; and

- “good reason” as (i) a material diminution in Mr. Schafer’s authority, duties or responsibilities, or any significant adverse change in his title as chief financial officer of the Company, (ii) movement of Mr. Schafer’s place of employment more than fifty miles from Overland Park, Kansas, (iii) a material diminution in Mr. Schafer’s base compensation, as in effect from time to time, or (iv) a material breach by the Company of any term of the employment agreement.

*Reinhart, Bennewitz, Berson and Goza Employment Agreements*

The employment agreements of Messrs. Reinhart, Bennewitz and Berson and Ms. Goza provide for a two-year term with automatic renewal terms of one year, unless either party gives a non-renewal notice within a specified time frame. The executive is obligated to devote substantially all of his or her business time and effort to the performance of his duties to us, provided that he or she is permitted to engage in other specified activities, including civic, charitable and religious activities and management of personal investments and affairs, so long as such activities do not materially and adversely interfere with his or her discharge of his duties and obligations to us.

The employment agreements with each of Messrs. Reinhart, Bennewitz and Berson and Ms. Goza provide for base salaries of \$350,000, \$350,000, \$325,000 and \$250,000, respectively, a bonus opportunity equal to 50% of base salary and four weeks’ paid vacation. In addition, upon termination of these employment agreements, other than as a result of a termination for “cause” or a resignation without “good reason,” as those terms are defined in each employment agreement, the executive will, upon execution of a release acceptable to us, be eligible to receive the following benefits in addition to his or her then-accrued compensation (as defined below):

- a lump sum cash payment equal to the sum of (A) one times his or her then current base salary, and (B) one times his or her target bonus for the year of termination;
- a lump sum cash payment equal to all bonus amounts earned but not yet paid for the year prior to the year of termination;
- vesting of any equity awards that otherwise would have vested during the term in which the termination occurred;
- solely in the case of Mr. Berson, full vesting of his initial, one-time equity award granted pursuant to the terms of his employment agreement
- reimbursement of premiums for COBRA continuation coverage; and
- one year of outplacement services and support.

In the event of termination for death or disability, the executive will receive full vesting of his or her equity awards.

In the event we elect not to renew the initial term of Mr. Reinhart’s or Mr. Bennewitz’s employment agreement, he will be deemed to have been terminated without cause and eligible to receive the severance payments set forth above. Similarly, in the event we elect not to renew the initial term or the next renewal term of Mr. Berson’s employment agreement, he will be deemed to have been terminated without cause and eligible to receive the severance payments set forth above.

The employment agreements of Messrs. Reinhart, Bennewitz and Berson and Ms. Goza provide that, during the term and for a period of one year following the executive’s termination, the executive will not (a) directly or indirectly, engage in any business involving the development, construction, acquisition, ownership or operation of data center properties, colocation facilities and/or the provision of managed services, whether such business is conducted by the executive individually or as a principal, partner, member, stockholder, joint venturer, director, trustee, officer, employee, consultant, advisor or independent contractor of any person or (b) own any interests in any data center facilities, colocation facilities or managed service providers, in each case in the United States,



other than up to five percent of the outstanding shares of any public company. Moreover, each of these employment agreements provides that, during the term and for a one-year period following the executive's termination, the executive will not solicit any of our customers for data center space within the United States, encourage any of our customers to reduce their patronage of us, solicit or hire any of our current employees or independent contractors or former employees or independent contractors who left employment within the prior year, or encourage any of our employees or independent contractors to terminate their employment with, or cease rendering services to, us. In addition, each of these employment agreements provides for a confidentiality covenant on the part of the executive and a covenant that both we and the executive agree not to talk about or otherwise communicate to any third parties in a malicious, disparaging or defamatory manner regarding the other.

The employment agreements of Messrs. Reinhart, Bennewitz and Berson and Ms. Goza generally define

- “cause” as the executive’s (i) conviction of, or pleading guilty or nolo contendere to, a crime that constitutes a felony or any lesser criminal offense involving dishonesty or moral turpitude;(ii) commission of an act of dishonesty, theft, fraud, or embezzlement, (iii) willful act that has a significant adverse effect on the reputation of the Company, or any of its affiliates, (iv) the substantial failure or refusal to perform the duties of the title specified in his or her employment agreement, or (v) material violation of the material written rules, regulations, procedures, or policies relating to the conduct of employees, directors or officers of the Company; and
- “good reason” as (i) a material diminution in executive’s authority, duties or responsibilities (including reporting responsibilities), or any significant adverse change in executive’s title; (ii) a material diminution in executive’s base pay, as in effect from time to time; (iii) movement of the executive’s place of employment by more than fifty miles, (iv) the failure of a successor to the assets or business of the Company to assume the obligations of the Company under the agreement.

Regardless of the reason for any termination of employment, each of our executive officers who is a party to an employment agreement, including Mr. Williams and Mr. Schafer, will be entitled to receive the following upon termination, which is referred to above as “accrued compensation”: (a) the executive’s salary hereunder through the termination date to the extent not theretofore paid; (b) the amount of any accrued but unused vacation pay; (c) any business expense reimbursements incurred by the executive as of the termination date and duly submitted for reimbursement; and (d) any performance bonus or discretionary bonus that has been earned or declared for a bonus period ending before the termination date but not paid before the termination date.

#### ***Equity Incentive Plans—Vesting and Change in Control***

We and our predecessor have granted equity awards to our directors and executive officers under two equity incentive plans—the 2013 Equity Incentive Plan and the 2010 Plan.

##### *2013 Equity Incentive Plan*

Prior to the completion of our initial public offering, our board of directors adopted, and our stockholders approved, the 2013 Equity Incentive Plan for future grants of equity awards to our non-employee directors, executive officers and other key employees and service providers, including officers and employees of our affiliates. We made the 2013 grants of restricted stock and stock options to our named executive officers and directors under the 2013 Equity Incentive Plan. For our named executive officers, these grants vest 25% on the first anniversary of the date of grant and 6.25% on each quarter-end thereafter, subject to continued service as an employee. For our directors who received these grants, the grants vest 25% on each quarterly anniversary of the grant date.

Under the 2013 Equity Incentive Plan, if we experience a change in control in which outstanding options, share appreciation rights, share awards, performance shares, performance units or other equity-based awards will not be assumed or continued by the surviving entity: (i) all restricted shares will vest, and all share units will vest

and the underlying shares will be delivered immediately before the change in control, and (ii) at the board of directors' discretion either all options and share appreciation rights will become exercisable 15 days before the change in control and terminate upon the consummation of the change in control, or all options, share appreciation rights, restricted shares and share units will be cashed out before the change in control. In the event the option exercise price or stock appreciation right exercise price of an award exceeds the price per share paid to stockholders in the change in control, such options and stock appreciation rights may be terminated for no consideration. In the case of performance shares and performance units, if more than half of the performance period has lapsed, the performance shares will be converted into restricted shares based on actual performance to date. If less than half of the performance period has lapsed, or if actual performance is not determinable, the performance shares will be converted into restricted shares assuming target performance has been achieved.

In summary, a change in control under the 2013 Equity Incentive Plan occurs if:

- a person, entity or affiliated group (with certain exceptions) acquires, in a transaction or series of transactions, more than 50% of the total combined voting power of our outstanding securities;
- we experience a reorganization, merger, consolidation or sale or other disposition of all or substantially all of our assets, unless (i) the holders of our voting shares immediately prior to the merger have at least 50% of the combined voting power of the securities in the surviving entity or its parent in substantially the same proportions as before the transaction, (ii) no person owns 35% or more of the shares of the surviving entity unless such ownership existed before the transaction, and (iii) at least a majority of the members of the board of the surviving entity were members of our incumbent board when the transaction was approved;
- we are liquidated or dissolved; or
- individuals who, when the plan is adopted, constitute our board of directors cease for any reason to constitute a majority of our board of directors, treating any individual whose election or nomination was approved by a majority of the incumbent directors as an incumbent director for this purpose.

In no event, however, will a change in control occur under the 2013 Equity Incentive Plan if GA QTS Interholdco, LLC, an affiliate of General Atlantic, LLC, or one of its affiliates continues to beneficially own more than 50% of our voting securities (or the voting securities of the surviving or parent entity) following the transaction.

#### *2010 Plan*

The 2010 Plan was approved in May 2010 by the board of directors of our operating partnership's then-general partner for the purpose of granting awards of unit options, restricted units and profits interests in our operating partnership to employees, directors and other service providers of our operating partnership. Since the adoption of our 2013 Equity Incentive Plan in connection with our initial public offering we have not, and we will not, make any further awards under the 2010 Plan. The only awards that remain outstanding under the 2010 Plan consist of 1,628,124 Class O LTIP units and 173,750 Class RS LTIP units held by our directors, executive officers and employees. A majority of these LTIP units, which we began granting in May 2010, generally vest over a four year period, beginning with 25% on the first anniversary of the date of grant and 6.25% on each quarter-end thereafter. Some of these LTIP units, however, automatically vest in full on either March 1, 2015 or March 1, 2016, but contain a performance-vesting feature that could result in earlier vesting if we achieve a certain level of adjusted FFO (calculated in accordance with the standards established by NAREIT, but subject to certain adjustments) in either 2014 or 2015. The performance-vesting feature resulted in a partial vesting of certain of these units in 2011.

In the event of a change of control (as defined in the 2010 Plan) of the operating partnership, any unvested LTIP units will become immediately vested. In summary, a "change in control" under the 2010 Plan occurs if:

- A person, entity or affiliated group (with certain exceptions) acquires beneficial ownership, directly or indirectly, of 50% or more of the voting power of the operating partnership's outstanding voting securities;

- During any period of twelve months, individuals who at the beginning of the period constitute the board of directors of the operating partnership’s then-general partner and any new director whose election was approved by vote of at least a majority of the directors then in office, cease to constitute at least a majority of the board of directors of operating partnership’s then-general partner;
- The partners of the operating partnership approve a merger with any other entity other than a merger which results in voting securities of the operating partnership outstanding immediately before the merger continuing to represent at least 50.1% of the voting power of the operating partnership or the entity surviving the merger; or
- There is a sale or disposition by the operating partnership of all or substantially all of its assets.

### *LTIP Units*

LTIP units are a special class of limited partnership units in our operating partnership that are structured to qualify as “profits interests” for tax purposes, with the result that at issuance they have no capital account in the operating partnership. Any LTIP units issued by our operating partnership may be subjected to vesting requirements as determined by our Compensation Committee. When vested, LTIP units are convertible by the holder (or, with respect to Class RS LTIP units that have achieved a capital account, automatically convert) into OP units on the terms set forth in our operating partnership’s partnership agreement. Our operating partnership currently has authorized and outstanding two classes of LTIP units—Class RS LTIP units and Class O LTIP units.

Vested Class RS LTIP units receive the same quarterly per unit profit distributions as the other outstanding OP units in our operating partnership. Unvested Class RS LTIP units do not receive distributions until they become vested, at which time they are entitled to distributions plus catch-up distributions for the period during which such units were not vested. At the date of grant, each Class RS LTIP unit will have a capital account of zero, and, therefore, the holder of the Class RS LTIP unit would receive nothing if our operating partnership were liquidated immediately after the Class RS LTIP unit is awarded. However, our operating partnership’s partnership agreement requires that “book gain” or economic appreciation in our assets realized by our operating partnership, whether as a result of an actual asset sale or upon the revaluation of our assets, as permitted by applicable Treasury Regulations, be allocated first to the Class RS LTIP units until the capital account per Class RS LTIP unit is equal to the capital account per OP unit. The applicable Treasury Regulations and our amended partnership agreement provide that assets of our operating partnership may be revalued upon specified events, including upon additional capital contributions by us or other partners of our operating partnership, upon a distribution by our operating partnership to a partner in redemption of partnership interests, upon the liquidation of the operating partnership or upon a later issuance of additional LTIP units. Each Class RS LTIP unit is convertible by our operating partnership or by the holder into OP units at any time, and upon equalization of the capital account of a Class RS LTIP unit with the per unit capital account of the OP units (and full vesting of the Class RS LTIP unit, if such unit is subject to vesting), the Class RS LTIP unit will be convertible into one OP unit, subject to certain exceptions and adjustments. There is a risk that certain Class RS LTIP units will never become convertible into OP units because of insufficient gain realization to equalize capital accounts, and, therefore, the value that a holder will realize for vested Class RS LTIP units may be zero or less than the value of an equal number of shares of our common stock.

Class O LTIP units do not participate in quarterly per unit profit distributions (although Class O LTIP units are entitled to tax distributions equal to the lesser of (i) the amount we determine to be adequate to satisfy tax liabilities resulting from any taxable income allocation, or (ii) the distribution per OP unit for the year in question). Initially, each Class O LTIP unit will have a capital account of zero and, therefore, the holder of the Class O LTIP unit would receive nothing if our operating partnership were liquidated immediately after the Class O LTIP unit is awarded. However, our operating partnership’s partnership agreement requires that “book gain” or economic appreciation in our assets realized by our operating partnership, whether as a result of an actual asset sale or upon the revaluation of our assets, as permitted by applicable Treasury Regulations, be allocated to the Class O LTIP units (after allocations to the Class RS LTIP units and together with the OP units) until the capital

account per Class O LTIP unit is equal to the excess of the capital account per OP unit over the amount of such capital account on the date of issuance of the Class O LTIP unit. Each Class O LTIP unit is convertible by our operating partnership or by the holder into OP units at any time, and upon such equalization of the capital account of a Class O LTIP unit (and full vesting of the Class O LTIP unit, if such unit is subject to vesting and being converted by holder), the Class O LTIP unit will be convertible into a number of OP units equal to (i) the Class O LTIP unit's capital account divided by (ii) the capital account balance of an OP unit (i.e., in a manner similar to a typical stock appreciation right), subject to certain exceptions and adjustments. There is a risk that a Class O LTIP unit will never become convertible into such amount of OP units because of insufficient gain realization to equalize capital accounts, and, therefore, the value that a holder will realize for a given number of vested Class O LTIP units may be zero or less than the value of an equal number of shares of our common stock.

### Outstanding Equity Awards at Fiscal Year-End December 31, 2013

The following table sets forth the outstanding equity awards for each named executive officer as of December 31, 2013.

Name and Position	Date of Grant	Option / Class O LTIP Unit Awards				Stock / Class RS LTIP Unit Awards	
		Number of Securities Underlying Unexercised Options Exercisable or Number of Units Convertible	Number of Securities Underlying Unexercised Options or Number of Units Not Convertible	Option Exercise Price	Option Expiration Date	Number of Shares or Units That Have Not Vested	Market Value of Shares or Units That Have Not Vested(7)
<b>Chad L. Williams</b>							
Chairman and Chief Executive Officer	10/15/2013	—	—	—	—	19,642(5)	\$ 486,730
	10/15/2013	—	39,062(1)	\$21.00	10/15/2023	—	—
	11/5/2012	156,250(2)	343,750(2)	(3)	—	—	—
<b>William H. Schafer</b>							
Chief Financial Officer	10/15/2013	—	—	—	—	12,500(5)	\$ 309,750
	10/15/2013	—	24,857(1)	\$21.00	10/15/2023	—	—
	9/1/2012	—	—	—	—	25,000(6)	—
	9/1/2012	18,750(2)	31,250(2)	(3)	—	—	—
	5/27/2010	—	—	—	—	23,750(6)	\$ 588,525
	5/27/2010	26,250(2)	23,750(2)	(4)	—	—	—
<b>James H. Reinhart</b>							
Chief Operating Officer—Operations	10/15/2013	—	—	—	—	12,500(5)	\$ 309,750
	10/15/2013	—	24,857(1)	\$21.00	10/15/2023	—	—
	9/1/2012	—	—	—	—	50,000(6)	—
	9/1/2012	18,750(2)	31,250(2)	(3)	—	—	—
<b>Daniel T. Bennowitz</b>							
Chief Operating Officer—Sales & Marketing	10/15/2013	—	—	—	—	12,500(5)	\$ 309,750
	10/15/2013	—	24,857(1)	\$21.00	10/15/2023	—	—
	9/1/2012	—	—	—	—	50,000(6)	—
	9/1/2012	18,750(2)	31,250(2)	(3)	—	—	—
<b>Jeffrey H. Berson</b> Chief Investment Officer							
	10/15/2013	—	—	—	—	42,559(5)	\$1,054,612
	10/15/2013	—	23,082(1)	\$21.00	10/15/2023	—	—

(1) Amount represents options to purchase Class A common stock granted concurrently with our initial public offering. These options vest 25% on the first anniversary of the date of grant and 6.25% on each quarter-end thereafter, subject to continued service as an employee. None of these options had vested as of December 31, 2013.

- (2) Consists of Class O LTIP units in our operating partnership. Each vested Class O LTIP unit may be converted into a number of OP units equal to (i) (x) the excess of the then-capital account per OP unit over (y) the capital account per OP unit on the date of issuance of the Class O LTIP unit being converted, divided by (ii) the then-capital account per OP unit. See “Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—LTIP Units” for a description of the Class O LTIP units. These awards vest 25% on the first anniversary of the date of grant and 6.25% on each quarter-end thereafter, subject to continued service as an employee, provided that 22,500 of the units granted to Mr. Schafer in May 2010 automatically vest in full on March 1, 2016, subject to continued service as an employee, but contain a performance-vesting feature that could result in earlier vesting. See “Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—Equity Incentive Plans-Vesting and Change of Control—2010 Plan.”
- (3) The capital account per OP unit was \$25.00 when these Class O LTIP units were granted. As of December 31, 2013, the capital account per OP unit was \$21.00. See note 2 above for a description of the number of OP units receivable upon conversion of Class O LTIP units.
- (4) The capital account per OP unit was \$20.00 when these Class O LTIP units were granted. As of December 31, 2013, the capital account per OP unit was \$21.00. See note 2 above for a description of the number of OP units receivable upon conversion of Class O LTIP units.
- (5) Amount represents restricted shares of Class A common stock granted concurrently with our initial public offering. These shares vest 25% on the first anniversary of the date of grant and 6.25% on each quarter-end thereafter, subject to continued service as an employee.
- (6) Consists of Class RS LTIP units in our operating partnership. Each vested Class RS LTIP unit may be converted into one OP unit upon equalization of the Class RS LTIP unit’s capital account with the then-capital account per OP unit. See “Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—LTIP Units” for a description of the Class RS LTIP units. These awards vest 25% on the first anniversary of the date of grant and 6.25% on each quarter-end thereafter, subject to continued service as an employee, provided that 22,500 of the units granted to Mr. Schafer in May 2010 automatically vest in full on March 1, 2016, subject to continued service as an employee, but contain a performance-vesting feature that could result in earlier vesting. See “Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—Equity Incentive Plans-Vesting and Change of Control—2010 Plan.”
- (7) The market value of unvested shares is calculated by multiplying the number of unvested shares of Class A common stock held by the applicable named executive officer by the closing price of our Class A common stock on December 31, 2013, which was \$24.78. The market value of Mr. Schafer’s unvested Class RS LTIP units is calculated by multiplying the number of unvested Class RS LTIP units held by Mr. Schafer by the closing price of our Class A common stock on December 31, 2013, which was \$24.78. The Class RS LTIP units held by Messrs. Reinhart and Bennewitz are shown with no market value as they have not become convertible into OP units.

## 2013 Option Exercises and Stock Vested

The following table sets forth the number of Class RS LTIP units that vested for each of our named executive officers during 2013 and the value realized by these officers upon such vesting. During 2013, no restricted stock vested, no stock options were exercised and no Class O LTIP units were converted by our named executive officers.

Name and Position	Stock Awards	
	Number of Shares of Stock or Class RS LTIP Units Acquired on Vesting	Value Realized on Vesting
<b>Chad L. Williams</b> Chairman and Chief Executive Officer	—	—
<b>William H. Schafer</b> Chief Financial Officer	14,375(1)	\$109,725(3)
<b>James H. Reinhart</b> Chief Operating Officer—Operations	18,750(2)	— (3)
<b>Daniel T. Bennewitz</b> Chief Operating Officer—Sales & Marketing	18,750(2)	— (3)
<b>Jeffrey H. Berson</b> Chief Investment Officer	—	—

- (1) Consists of Class RS LTIP units in our operating partnership, of which 5,000 converted automatically into OP units upon vesting pursuant to their terms. See “Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—LTIP Units” for a description of the Class RS LTIP units.
- (2) Consists of Class RS LTIP units in our operating partnership.
- (3) The value realized by Mr. Schafer upon vesting is calculated by multiplying the number of units vested on each vesting date by the market value of our common stock on such date (which for the first three 2013 vesting dates is assumed to be our initial public offering price of \$21.00 and for the fourth 2013 vesting date is \$24.78). Mr. Schafer’s remaining 9,375 units that vested in 2013 and the units held by Messrs. Reinhart and Bennewitz that vested in 2013 are currently attributed no value as they have not become convertible into OP units.

## Potential Payments upon Termination or Change in Control

The compensation payable to our named executive officers upon (i) voluntary termination by the executive for good reason (including following changes of control), termination by us without cause (including following changes of control), and termination in the event of permanent disability or death of the executive and (ii) a change in control without a corresponding termination is, in each case, set forth above in the sections entitled “Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—Employment Agreements” and “—Equity Incentive Plans-Vesting and Change in Control.” The compensation payable to our named executive officers upon such terminations or change in control will be paid in a single lump sum. The other benefits will be conditioned upon the executive’s continued compliance with the non-competition, non-solicitation, confidentiality and other covenants contained in the employment agreement. All of the foregoing benefits payable upon termination are conditioned upon the executive’s execution of a general release of claims.



The following table summarizes the cash payments and estimated equivalent cash value of benefits that would have been provided to our named executive officers under the terms of their employment agreements described above upon termination of those agreements under various scenarios, or upon a change in control without a termination, as of December 31, 2013:

Name	Termination			No Termination
	Without Cause/ For Good Reason	Without Cause/ For Good Reason upon a Change in Control(1)	Death/Disability	Change in Control(2)
Chad L. Williams	\$2,881,144	\$3,991,144	\$1,781,144	\$ 634,383
William H. Schafer	\$1,963,281	\$2,509,726	\$1,790,817	\$1,044,259
James H. Reinhart	\$ 543,120	\$ 963,142	\$ 421,834	\$ 421,834
Daniel T. Bennewitz	\$ 543,120	\$ 963,142	\$ 421,834	\$ 421,834
Jeffrey H. Berson	\$1,434,737	\$1,645,606	\$1,141,862	\$1,141,862

- (1) Amounts assume that equity awards under the 2013 Equity Incentive Plan are not assumed or continued by the surviving entity in the change in control and, therefore, that such awards vest in full upon the change in control. Equity awards under the 2010 Plan vest in full automatically upon a change in control.
- (2) Consists solely of acceleration of equity awards. Amounts assume that equity awards under the 2013 Equity Incentive Plan are not assumed or continued by the surviving entity in the change in control and, therefore, that such awards vest in full upon the change in control. Equity awards under the 2010 Plan vest in full automatically upon a change in control.

#### Equity Compensation Plan Information

The following table sets forth certain information, as of December 31, 2013, concerning shares of our common stock authorized for issuance under our equity compensation plans.

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in First Column)
Equity compensation plans approved by stockholders	367,910	\$21.00	1,273,461
Equity compensation plans not approved by stockholders(1)	—	—	—
Total equity compensation plans	367,910(2)	\$21.00	1,273,461

- (1) Our operating partnership's 2010 Plan was approved in May 2010 by the board of directors of our operating partnership's then-general partner. Since the adoption of our 2013 Equity Incentive Plan in connection with our initial public offering we have not, and we will not, make any further awards under the 2010 Plan. The only awards that remained outstanding under the 2010 Plan as of December 31, 2013 consisted of 1,628,124 Class O LTIP units and 173,750 Class RS LTIP units held by our directors, executive officers and employees. As of December 31, 2013, the vested portion of these LTIP units were convertible into 11,686 OP units.
- (2) This amount consists of options to purchase 270,410 shares of common stock granted to certain of our directors and executive officers and options to purchase 97,500 shares of common stock granted to certain non-executive officer employees. It does not include 108,629 outstanding shares of restricted stock granted to certain executive officers and outstanding as of December 31, 2013.



## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of March 10, 2014 (the record date for the Annual Meeting) regarding the beneficial ownership of our common stock, OP units and LTIP units by (1) each of our directors, (2) each of our named executive officers, (3) all of our directors, and executive officers as a group and (4) each holder of five percent or more of our common stock. The extent to which a person holds OP units or LTIP units as opposed to common stock is described in the footnotes below.

The SEC has defined “beneficial ownership” of a security to mean the possession, directly or indirectly, of voting power and/or investment power over such security. A stockholder is also deemed to be, as of any date, the beneficial owner of all securities that such stockholder has the right to acquire within 60 days after that date through (a) the exercise of any option, warrant or right, (b) the conversion of a security, (c) the power to revoke a trust, discretionary account or similar arrangement, or (d) the automatic termination of a trust, discretionary account or similar arrangement. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, common stock subject to options or other rights (as set forth above) held by that person that are currently exercisable or will become exercisable within 60 days thereafter, are deemed outstanding, while such shares are not deemed outstanding for purposes of computing percentage ownership of any other person. Each person named in the table has sole voting and investment power with respect to all of the common stock, OP units and LTIP units shown as beneficially owned by such person, except as otherwise indicated in the table or footnotes below. “OP units” refer to the common units of limited partnership interest in our operating partnership. “LTIP Units” refer to our operating partnership’s Class O LTIP units and Class RS LTIP units collectively. When vested, LTIP units are convertible by the holder into OP units on the terms set forth in our operating partnership’s partnership agreement. OP units are redeemable for cash or, at our election, shares of our Class A common stock on a one-for-one basis, beginning one year after the closing of our initial public offering.

Unless otherwise indicated, the address of each named person is c/o QTS Realty Trust, Inc., 12851 Foster Street, Overland Park, Kansas 66213. No shares beneficially owned by any executive officer or director have been pledged as security.

<u>Beneficial Owner</u>	<u>Number of Shares and OP Units</u>	<u>Percentage of All Shares(1)</u>	<u>Percentage of All Shares and OP Units(2)</u>
<b>Directors and Executive Officers</b>			
Chad L. Williams(3)	6,717,261	18.9%	18.3%
William H. Schafer(4)	88,809	*	*
James H. Reinhart(5)	62,500	*	*
Daniel T. Bennewitz(6)	62,500	*	*
Jeffrey H. Berson(7)	42,559	*	*
Shirley E. Goza(8)	19,893	*	*
John W. Barter(9)	45,878	*	*
William O. Grabe(10)	54,492	*	*
Catherine R. Kinney	—	*	*
Peter A. Marino(11)	38,492	*	*
Scott D. Miller	—	*	*
Philip P. Trahanas(12)(13)	16,658,137	57.4%	45.2%
Stephen E. Westhead	—	*	*
All directors and executive officers as a group (13 persons)	23,790,521	66.3%	64.5%
<b>Other 5% Stockholders</b>			
GA QTS Interholdco, LLC (13)	16,643,645	57.4%	45.2%
Cohen & Steers, Inc.(14)	2,899,281	10.0%	7.9%
Waddell & Reed Financial, Inc. (15)	2,500,000	8.6%	6.8%

\* Less than 1.0%

- (1) Assumes 29,016,774 shares of common stock are outstanding. In addition, amounts for individuals and directors and executive officers as a group assume that the “in the money” value of Class O LTIP units that are vested or will be vested within 60 days are converted into OP units, Class RS units held by each individual are converted into OP units and all OP units held by such persons are exchanged for our common stock. The total number of shares of common stock outstanding used in calculating this percentage assumes that none of the OP units or LTIP units held by other persons are exchanged for our common stock.
- (2) Assumes a total of 28,731,145 shares of Class A common stock, 133,000 shares of Class B common stock, 7,624,500 OP units and 172,500 Class RS LTIP units are outstanding, in addition to each individual’s OP units that would be received upon conversion of vested Class O LTIP units or Class O LTIP Units that will be vested within 60 days.
- (3) Consists of 67,261 shares of Class A common stock, 133,000 shares of Class B common stock and 6,517,000 OP units.
- (4) Consists of 12,500 restricted shares of Class A common stock, 26,250 OP units, 48,750 Class RS LTIP units (which includes 1,250 Class RS LTIP units that will convert automatically into 1,250 OP units on March 31, 2014) and 1,309 OP units that would be received upon conversion of Class O LTIP units.
- (5) Consists of 12,500 restricted shares of Class A common stock and 50,000 Class RS LTIP units.
- (6) Consists of 12,500 restricted shares of Class A common stock and 50,000 Class RS LTIP units.
- (7) Consists of restricted shares of Class A common stock.
- (8) Consists of 8,928 restricted shares of Class A common stock, 10,000 OP units and 965 OP units that would be received upon conversion of Class O LTIP units.
- (9) Consists of 14,492 stock options that are exercisable within 60 days, 20,000 OP units, 11,000 Class RS LTIP units and 386 OP units that would be received upon conversion of Class O LTIP units.
- (10) Consists of 14,492 stock options that are exercisable within 60 days and 40,000 OP units.
- (11) Consists of 14,492 stock options that are exercisable within 60 days, 10,000 OP units and 14,000 Class RS LTIP units.

- (12) Consists of 14,492 stock options that are exercisable within 60 days and 16,643,645 shares of Class A common stock held by General Atlantic. Mr. Trahanas was selected as a director by General Atlantic. Mr. Trahanas is employed by an entity affiliated with General Atlantic. Mr. Trahanas disclaims beneficial ownership of the Class A common stock owned by General Atlantic.
- (13) Consists of 16,643,645 shares of Class A common stock. The members of GA QTS Interholdco, LLC are General Atlantic Partners 85, L.P., a Delaware limited partnership, or GAP 85, General Atlantic Partners 93, L.P., a Delaware limited partnership, or GAP 93, GAP Coinvestments III, LLC, a Delaware limited liability company, or GAPCO III, GAP Coinvestments IV, LLC, a Delaware limited liability company, or GAPCO IV, GAP Coinvestments CDA, L.P., a Delaware limited partnership, or GAPCO CDA, and GAPCO GmbH & Co., KG, a German limited partnership, or KG, and together with GAP 85, GAP 93, GAPCO III, GAPCO IV and GAPCO CDA, the GA Funds.

General Atlantic GenPar, L.P., a Delaware limited partnership, or GA Genpar, is the general partner of GAP 85 and GAP 93. General Atlantic LLC, or GA LLC, is the general partner of GA GenPar. GA LLC is also the managing member of GAPCO III and GAPCO IV and the general partner of GAPCO CDA. GAPCO Management GmbH, a German limited liability company, or GmbH, is the general partner of KG.

There are 23 Managing Directors of GA LLC. GA QTS Interholdco, LLC, GAP 85, GAP 93, GAPCO III, GAPCO IV, GAPCO CDA, KG, GenPar, GmbH and GA LLC are a “group” under Rule 13d-5 under the Exchange Act. The Managing Directors of GA LLC may be deemed to share voting and dispositive power with respect to shares and interests held by the GA Funds. The GA Funds control GA QTS Interholdco, LLC by virtue of their ownership of all of the interests of GA QTS Interholdco, LLC. Consequently, GA QTS Interholdco, LLC, the GA Funds, GA LLC and Managing Directors of GA LLC may, from time to time, consult among themselves and coordinate the voting and disposition of the shares held by GA QTS Interholdco, LLC. The mailing address of the foregoing entities (other than GmbH and KG) is c/o General Atlantic Service Company, LLC, 55 East 52nd Street, 32nd floor, New York, New York 10055. The mailing address of KG and GmbH Management is c/o General Atlantic GmbH, Maximilianstrasse 35b, 80539 Munich, Germany.

- (14) Based on information provided in a Schedule 13G filed jointly by Cohen & Steers, Inc. (“C&S”); Cohen & Steers Capital Management, Inc. (“C&S Capital”); and Cohen & Steers UK Limited (“C&S UK”). According to the Schedule 13G, C&S beneficially owns 2,899,281 shares and has sole voting with respect to 2,581,319 of such shares and sole dispositive power with respect to all of such shares; C&S Capital beneficially owns 2,881,509 shares and has sole voting power with respect to 2,581,319 of such shares and sole dispositive power with respect to all of such shares; and C&S UK beneficially owns 17,772 shares and has sole dispositive power with respect to all such shares. According to the Schedule 13G, C&S holds a 100% interest in C&S Capital. The address of C&S and C&S Capital is 280 Park Avenue, 10<sup>th</sup> Floor New York, New York 10017 and the address of C&S UK is 21 Sackville Street, 4<sup>th</sup> Floor London, United Kingdom W1S 3DN.
- (15) Based on information provided in a Schedule 13G filed jointly on February 7, 2013 by Waddell & Reed Financial, Inc. (“WRFI”), Waddell & Reed Financial Services, Inc. (“WRFISI”), Waddell & Reed, Inc. (“WRI”), Waddell & Reed Investment Management Company (“WRIMCO”) and Ivy Investment Management Company (“IICO”). According to the Schedule 13G, WRFI is deemed to have sole voting and sole dispositive power with respect to 2,500,000 shares by virtue of its indirect ownership of IICO, which is deemed to have sole voting and sole dispositive power with respect to 1,214,100 shares, and WRIMCO, which is deemed to have sole voting and sole dispositive power with respect to 1,285,900 shares. According to the Schedule 13G, these securities are beneficially owned by one or more open-end investment companies or other managed accounts that are advised or sub-advised by IICO or WRIMCO. The address of WRFI, WRFISI, WRI, WRIMCO and IICO is 6300 Lamar Avenue, Overland Park, Kansas 66202.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who own more than ten percent of a registered class of our equity securities, to file reports of securities ownership and changes

in such ownership with the SEC. Executive officers, directors and greater than ten percent stockholders also are required by rules promulgated by the SEC to furnish us with copies of all Section 16(a) forms they file.

Based solely upon a review of Forms 3 and 4 and amendments thereto and written representations furnished to us during the most recent fiscal year, no person who at any time during the fiscal year was a director, officer, or beneficial owner or more than 10% of any class of our equity securities failed to file on a timely basis, as disclosed in the above forms, reports required by Section 16(a) of the Exchange Act during the most recent fiscal year.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

### Related Party Transactions

#### IPO Formation Transactions

In connection with our initial public offering in October 2013, we consummated a series of transactions pursuant to which we became the sole general partner and majority owner of QualityTech, LP, our predecessor, which then became our operating partnership. As part of these transactions, General Atlantic REIT, Inc. (“GA REIT”), the holder of a majority of the limited partnership interests in our operating partnership just prior to the initial public offering, merged with and into us and we succeeded to GA REIT’s majority limited partnership interest in our operating partnership. GA REIT owned no assets other than its interest in our operating partnership. Pursuant to this merger, we issued 14,643,645 shares of our Class A common stock to GA QTS Interholdco, LLC, (“General Atlantic”), which was the sole common shareholder of GA REIT, and \$105,000 in cash (plus accumulated dividends) was paid to the preferred shareholders of GA REIT in October 2013, in each case as consideration for their shares of GA REIT. In addition, Mr. Williams contributed to our operating partnership all of his ownership interests in QualityTech GP, LLC, our predecessor’s general partner, in exchange for 1,000 OP units. Following this contribution, we became the general partner of our operating partnership and dissolved QualityTech GP, LLC. Finally, we issued 133,000 shares of our Class B common stock to Mr. Williams in exchange for an equivalent number of OP units held by him.

We did not obtain any independent third-party appraisals of the properties or other assets currently owned by our operating partnership. Therefore, the actual value of the shares of common stock and OP units issued by us and our operating partnership in our formation transactions ultimately was determined at pricing based on the initial public offering price of our Class A common stock, which was \$21.

#### *Merger Agreement*

In connection with our initial public offering in October 2013, we acquired a majority of the outstanding limited partnership interests in our operating partnership pursuant to a merger agreement between us and GA REIT. GA REIT was a partner in our operating partnership, and its sole asset was its interests in our predecessor. The sole common stockholder of GA REIT was General Atlantic. Pursuant to the merger agreement, GA REIT merged with and into us and we continued as the surviving entity in a transaction intended to be tax-free for General Atlantic and us. We succeeded to all of GA REIT’s limited partnership interests in our operating partnership. As a result of this merger agreement, General Atlantic received 14,643,645 shares of our Class A common stock, and the preferred shareholders of GA REIT received cash.

#### *Contribution Agreement*

In connection with our initial public offering in October 2013, our operating partnership acquired all of the membership interests in QualityTech GP, LLC, or the Predecessor GP, the then-general partner of our operating partnership, pursuant to a contribution agreement with Chad L. Williams, our Chairman and Chief Executive Officer, who was the sole member of the Predecessor GP. Pursuant to this contribution agreement, Mr. Williams contributed all of the outstanding membership interests in the Predecessor GP to our operating partnership in exchange for 1,000 OP units. The sole asset of the Predecessor GP was 1,000 limited partnership units in our operating partnership, and after consummation of the formation transactions, we dissolved the Predecessor GP. Immediately prior to this contribution, we were admitted as the general partner of our operating partnership.

#### *Williams Exchange*

In connection with our initial public offering in October 2013, Mr. Williams elected to exchange (in a taxable transaction) one OP unit out of every 50 OP units owned by him, his family members or entities owned by or for the benefit of them immediately prior to the commencement of our initial public offering for shares of our Class B common stock on a one-for-one basis. The OP units exchanged for Class B common stock

represented 2% of Mr. Williams' OP units immediately prior to the exchange. Each outstanding share of Class B common stock entitles its holder to 50 votes on all matters on which Class A common stockholders are entitled to vote, including the election of directors, and holders of shares of Class A common stock and Class B common stock vote together as a single class and receive the same dividends per share. The Class B common stock automatically converts into Class A common stock in certain circumstances and is convertible at any time into Class A common stock at the option of the holder. Our Class B common stock is designed to give Mr. Williams the right to vote that is proportional to his economic interest in our company as if he had exchanged all of his OP units for shares of Class A common stock.

### **Tax Protection Agreement**

Upon completion of our initial public offering in October 2013, we entered into a tax protection agreement with Chad L. Williams, our Chairman and Chief Executive Officer, and his affiliates and family members who own OP units pursuant to which we agreed to indemnify them against certain tax liabilities resulting from: (1) the sale, exchange, transfer, conveyance or other disposition of our Atlanta-Metro, Atlanta-Suwanee or Santa Clara data centers in a taxable transaction prior to January 1, 2026, referred to as the protected period; (2) causing or permitting any transaction that results in the disposition by Mr. Williams or his affiliates and family members who own OP units of all or any portion of their interests in the operating partnership in a taxable transaction during the protected period; or (3) our failure prior to the expiration of the protected period to maintain approximately \$175 million of indebtedness that would be allocable to Mr. Williams and his affiliates for tax purposes or, alternatively, failing to offer Mr. Williams and his affiliates and family members who own OP units the opportunity to guarantee specific types of the operating partnership's indebtedness in order to enable them to continue to defer certain tax liabilities. The aggregate built-in gain on the subject properties upon completion of our initial public offering that would be allocable to Mr. Williams and his affiliates was estimated to be approximately \$205 million.

### **Partnership Agreement**

Concurrently with the completion of our initial public offering in October 2013, we entered into an amended and restated operating partnership agreement with the limited partners in our operating partnership. As of March 10, 2014 (the record date for the Annual Meeting) limited partners in our operating partnership (other than us) owned approximately 21.2% of our operating partnership. Pursuant to the operating partnership agreement, holders of OP units will have the right beginning on the date that is the later of (1) 12 months from the beginning of the first full calendar month following the completion of our initial public offering and (2) the date of issuance of the OP units to require our operating partnership to redeem all or part of their OP units for cash equal to the then-current market value of an equal number of shares of our Class A common stock (determined in accordance with and subject to adjustment under the partnership agreement), or, at our election, to exchange their OP units for shares of our Class A common stock on a one-for-one basis subject to certain adjustments and the restrictions on ownership and transfer of our stock set forth in our charter. Additionally, pursuant to the operating partnership agreement, holders of vested Class O LTIP units and vested Class RS LTIP units may convert their units into a certain number of OP units in accordance with their terms. The limited partners in our operating partnership who held OP units received registration rights with respect to the shares of our Class A common stock that may be issued to them upon the exchange of their OP units, see “—Limited Partners' Registration Rights Agreement.”

### **Limited Partners' Registration Rights Agreement**

Upon completion of our initial public offering in October 2013, we entered into a registration rights agreement with the limited partners in our operating partnership, including certain of our directors and executive officers. Under the registration rights agreement, subject to certain limitations, during the period beginning 15 days prior to the date those individuals are first permitted to redeem their OP units pursuant to the amended and restated partnership agreement and ending 15 days thereafter, we will file one or more registration statements covering the issuance to them of shares of our Class A common stock upon redemption of their OP units (collectively, the “registrable shares”). We agreed to use our reasonable best efforts to cause each shelf registration statement to be declared effective as soon as practicable after it is filed.



We also agreed to indemnify the persons receiving rights against specified liabilities, including certain potential liabilities arising under the Securities Act of 1933, as amended, or the Exchange Act, or to contribute to the expenses incurred or the payments such persons may be required to make in respect thereof. We agreed to pay all of the expenses relating to the registration and any underwritten offerings of such securities, including, without limitation, all registration, listing, filing and stock exchange or FINRA fees, all fees and expenses of complying with securities or “blue sky” laws, all printing expenses, all fees of counsel and independent public accountants retained by us and the cost of any liability insurance or other premiums for insurance obtained in connection with any shelf registration statement pursuant to the registration rights agreement. The holder will be responsible for underwriting discounts and commissions, any out-of-pocket expenses (including disbursements of such holder’s counsel, accountants and other advisors) and any transfer taxes related to the sale or disposition of the shares.

### **General Atlantic and Mr. Williams’ Registration Rights Agreements**

General Atlantic and Chad L. Williams, our Chairman and Chief Executive Officer, each is a party to an amended and restated registration rights agreement. Under those registration rights agreements, beginning 180 days after the completion of our initial public offering, General Atlantic and Mr. Williams have demand rights to require us to file a new registration statement and prospectus providing for the sale by such holders of some or all of their shares, provided that (i) unless the holder is registering all of its shares, the shares to be registered in any registration must have an aggregate offering price of at least \$5 million, (ii) the holders may make only four such demands, and (iii) we are not required to affect more than two such demands in any 12 month period. The holders may require us to use our reasonable best efforts to cause any such demand registration to be in the form of an underwritten offering. We may satisfy this obligation by causing the requested shares to be included as part of an existing shelf registration statement that we then have on file with (and that has been declared effective by) the SEC. In addition to the foregoing, if we file a registration statement with respect to an offering for our own account or on behalf of a holder of our common stock, each of General Atlantic and Mr. Williams will have the right, subject to certain limitations, to register such number of registrable shares held by it or him as each such holder requests. With respect to underwritten offerings, we will not be required to include any shares of a holder in the offering unless the holder accepts the terms of the offering as agreed between us and the underwriter, and then only in such amount as the underwriter believes will not jeopardize the success of the offering.

The registration rights agreement with Mr. Williams also provides that, subject to certain limitations, we will use commercially reasonable efforts to file, during the period beginning 15 days prior to the date Mr. Williams is first permitted to redeem his OP units pursuant to the operating partnership’s amended and restated partnership agreement and ending 15 days thereafter, a registration statement registering the issuance to Mr. Williams of the Class A common stock issued to Mr. Williams upon redemption of his OP units. We have agreed to use commercially reasonable efforts to keep the registration statement continuously effective until Mr. Williams no longer owns any OP units.

### **Office and Data Center Lease**

Our operating partnership leases approximately 30,000 square feet of office space and common area to house the Company’s corporate headquarters and approximately 2,500 square feet of raised floor operating net rentable square feet data center space at the J. Williams Technology Center, which is a 38,000 square foot Class A office and technology building located at 12851 Foster Street in Overland Park, Kansas. The J. Williams Technology Centre is owned by an entity controlled by Chad L. Williams, our Chairman and Chief Executive Officer. The lease was entered into in January 2009, expires in January 2019 and has one five-year automatic renewal term. We pay monthly rent of approximately \$88,000 under the lease, plus our pro rata share of certain repair and maintenance expenses relating to the leased premises. We believe that the terms of this lease are fair and reasonable and reflect the terms we could expect to obtain in an arm’s length transaction for comparable space elsewhere in Overland Park, Kansas.



### **Business with Williams Family Companies**

Mr. Williams and his affiliates own various interests in and operate certain non-real estate businesses, including Quality Office Interiors, Inc. (“Quality Office”), an office equipment sales company, Quality Auto Group, Inc. (“Quality Auto”), an auto sales and brokerage company, Quality Lease & Finance, L.L.C. (“Quality Lease & Finance”), an equipment leasing company, and Quality Auto Brokers, Inc. (“Quality Auto Brokers”), an auto sales and brokerage company.

From time to time, we have made purchases of office equipment from Quality Office through individual purchase orders in the ordinary course of business. For each such order, we paid a design fee to Quality Office equal to 15% of the cost of such order, and paid the cost of such order directly to the vendor (although until August 2012 our predecessor paid the entire purchase price to Quality Office and Quality Office paid the vendor). In August 2013, we entered into an agreement with Quality Office pursuant to which we will continue to pay a 15% design fee and directly pay the costs of each order to the vendor. We believe that these purchase terms are fair and reasonable and reflect the terms we could expect to obtain in an arm’s length transaction with another vendor. Quality Office is 100% owned by Mr. Williams. In 2013, the total amount paid by us or our predecessor to Quality Office was approximately \$460,000.

We also may, from time to time, make purchases from or enter into leasing contracts with Quality Lease & Finance. In addition, our predecessor has purchased vehicles from Quality Auto and Quality Auto Brokers in the past; however, we do not expect to make any future purchases from these companies. Quality Lease and Finance and Quality Auto are 100% owned by Mr. Williams, and Quality Auto Brokers is 100% owned by James L. Williams, the father of Mr. Williams. In 2013, the total amounts paid to these companies in the aggregate was less than \$120,000.

Because we are not a party to any on-going contracts with these companies, and because we may enter into any of these transactions from time to time, the amount and terms of any future transactions between these companies and us are not currently determinable. Any such future transactions would require the approval of our disinterested directors.

### **Employment Agreements**

In 2013, we entered into employment agreements with each of Messrs. Williams, Schafer, Reinhart, Bennowitz and Berson and Ms. Goza. For a description of the terms of these employment agreements, see “Compensation Discussion and Analysis—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—Employment Agreements.”

### **Charter Aircraft Flex Arrangements**

Quality Development Services, LLC, which is 100% owned by Mr. Williams, is a party to a Walk Away Lease Agreement with Bombardier Aerospace Corporation for a private aircraft service. From time to time, certain of our officers, directors and designated employees use the aircraft provided through this lease for business purposes. We reimburse Quality Development Services, LLC for its costs for the time the aircraft is used by our officers, directors and designated employees. In August 2013, we entered into an agreement with Quality Development Services, LLC pursuant to which we will continue to reimburse Quality Development Services, LLC for the use of the aircraft by our officers, directors and designated employees. In 2013, this amount totaled approximately \$155,807.

### **Intellectual Property**

In October 2013, in connection with our initial public offering, we entered into a license agreement with QGC, which is owned by Chad L. Williams, pursuant to which QGC granted us a license to use the trademarked stylized “Q” used in QGC’s logo at no cost. The license agreement will terminate when Mr. Williams ceases to act as our Chief Executive Officer.

## Indemnification Agreements

In October 2013, in connection with our initial public offering, we entered into indemnification agreements with each of our executive officers and directors that obligate us to indemnify them to the maximum extent permitted by Maryland law. The indemnification agreements provide that if a director or executive officer is a party or is threatened to be made a party to any proceeding by reason of such director's or executive officer's status as a director, officer or employee of our company, we must indemnify such director or executive officer for all reasonable expenses and liabilities actually incurred by him or her, or on his or her behalf, unless it has been established that:

- the act or omission of the director or executive officer was material to the matter giving rise to the proceeding and either was committed in bad faith or was the result of active and deliberate dishonesty;
- the director or executive officer actually received an improper personal benefit in money, property or services; or
- with respect to any criminal action or proceeding, the director or executive officer had reasonable cause to believe that his or her conduct was unlawful;

provided, however, that we (i) have no obligation to indemnify such director or executive officer for a proceeding by or in the right of our company, for reasonable expenses and liabilities actually incurred by him or her, or on his or her behalf, if it has been adjudged that such director or executive officer is liable to us with respect to such proceeding and (ii) have no obligation to indemnify or advance expenses of such director or executive officer for a proceeding brought by such director or executive officer against the company, except for a proceeding brought to enforce indemnification under Section 2-418 of the MGCL or as otherwise provided by our bylaws, our charter, a resolution of the Board or an agreement approved by the Board. Under the MGCL, a Maryland corporation may not indemnify a director or officer in a suit by or in the right of the corporation in which the director or officer was adjudged liable on the basis that a personal benefit was improperly received.

Upon application of a director or executive officer of our company to a court of appropriate jurisdiction, the court may order indemnification of such director or executive officer if:

- the court determines that such director or executive officer is entitled to indemnification under Section 2-418(d)(1) of the MGCL, in which case the director or executive officer shall be entitled to recover from us the expenses of securing such indemnification; or
- the court determines that such director or executive officer is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not the director or executive officer has met the standards of conduct set forth in Section 2-418(b) of the MGCL or has been adjudged liable for receipt of an "improper personal benefit" under Section 2-418(c) of the MGCL; provided, however, that our indemnification obligations to such director or executive officer will be limited to the expenses actually and reasonably incurred by him or her, or on his or her behalf, in connection with any proceeding by or in the right of our company or in which the officer or director shall have been adjudged liable for receipt of an improper personal benefit under Section 2-418(c) of the MGCL.

Notwithstanding, and without limiting any other provisions of the indemnification agreements, if a director or executive officer is a party or is threatened to be made a party to any proceeding by reason of such director's or executive officer's status as our director, officer or employee, and such director or executive officer is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such proceeding, we must indemnify such director or executive officer for all expenses actually and reasonably incurred by him or her, or on his or her behalf, in connection with each successfully resolved claim, issue or matter, including any claim, issue or matter in such a proceeding that is terminated by dismissal, with or without prejudice.

We must pay all indemnifiable expenses in advance of the final disposition of any proceeding if the director or executive officer furnishes us with a written affirmation of the director's or executive officer's good faith belief that the standard of conduct necessary for indemnification by us has been met and a written undertaking to reimburse us if a court of competent jurisdiction determines that the director or executive officer is not entitled to indemnification. In addition, with respect to any director, we will be the indemnitor of first resort to the extent that such director simultaneously is entitled to indemnification from General Atlantic with respect to any of the same matters for which we are obligated to provide indemnification pursuant to the applicable indemnification agreement.

In addition to the indemnification agreements, our charter and bylaws obligate us, to the maximum extent permitted by Maryland law, to indemnify and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (1) any of our present or former directors or officers who is made or threatened to be made a party to the proceeding by reason of his or her service in that capacity or (2) any individual who, while serving as our director or officer and at our request, serves or has served another corporation, REIT, partnership, joint venture, trust, employee benefit plan or any other enterprise as a director, officer, partner or trustee of such corporation, REIT, partnership, joint venture, trust, employee benefit plan or other enterprise, and who is made or threatened to be made a party to the proceeding by reason of his service in that capacity.

### **Review, Approval or Ratification of Transactions with Related Persons**

Our Code of Business Conduct and Ethics prohibits directors and executive officers from engaging in transactions that may result in a conflict of interest with us. The Code of Business Conduct and Ethics allows exceptions to this prohibition, but only if a majority of the disinterested directors approve the transaction or the transaction has otherwise been approved pursuant to the Company's Related Party Transaction Policy. According to the Related Party Transaction Policy and the Audit Committee's charter, the Audit Committee shall review any transaction involving a director or officer, which may create a conflict of interest. The Audit Committee will either approve or reject the transaction or refer the transaction to the full Board or other appropriate committee in its discretion.

## MISCELLANEOUS

### **Other Matters to Come Before the 2014 Annual Meeting**

No other matters are to be presented for action at the Annual Meeting other than as set forth in this Proxy Statement. If other matters properly come before the meeting, however, the persons named in the proxy card will vote all proxies solicited by this Proxy Statement as recommended by the Board, or, if no such recommendation is given, in their own discretion.

### **Stockholder Proposals and Nominations for the 2015 Annual Meeting**

Any proposal of a stockholder intended to be included in our proxy statement for the 2015 Annual Meeting of stockholders pursuant to SEC Rule 14a-8, must be received by us no later than November 18, 2014 unless the date of our 2015 Annual Meeting is more than 30 days before or after May 6, 2015, in which case the proposal must be received a reasonable time before we begin to print and mail our proxy materials. All proposals should be directed to our Corporate Secretary, at 12851 Foster Street, Overland Park, Kansas 66213.

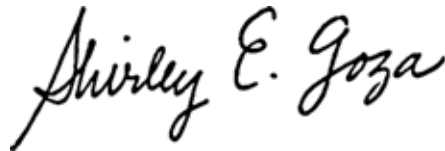
In addition, any stockholder who wishes to propose a nominee to the Board or propose any other business to be considered by the stockholders (other than a stockholder proposal included in our proxy materials pursuant to Rule 14a-8 of the rules promulgated under the Exchange Act) must comply with the advance notice provisions and other requirements of Article II, Section 12 of our bylaws, which are on file with the SEC and may be obtained from Investor Relations upon request. These notice provisions require that nominations of persons for election to the Board and the proposal of business to be considered by the stockholders for the 2015 annual meeting must be received no earlier than October 20, 2014 and no later than 5:00 p.m., Eastern Time, on November 19, 2014. However, in the event that the 2015 annual meeting is advanced or delayed by more than 30 days from the first anniversary of the date of the 2014 Annual Meeting, notice by the stockholder to be timely must be received no earlier than the 150th day prior to the date of the meeting and not later than 5:00 p.m., Eastern Time, on the later of the 120th day prior to the date of the meeting or the tenth day following the date of the first public announcement of the meeting.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS  
FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 6, 2014**

This Proxy Statement and our 2013 Annual Report are available on our website at [www.qtsdatacenters.com](http://www.qtsdatacenters.com). In addition, our stockholders may access this information, as well as transmit their voting instructions, at [www.proxyvote.com](http://www.proxyvote.com) by having their proxy card and related instructions in hand.

Additional copies of this Proxy Statement and our Annual Report will be furnished to our stockholders upon written request to the Corporate Secretary at the mailing address for our executive offices set forth on the first page of this Proxy Statement. If requested by eligible stockholders, we will provide copies of exhibits to our Annual Report on Form 10-K for the year ended December 31, 2013 for a reasonable fee.

By Order of the Board of Directors

A handwritten signature in black ink that reads "Shirley E. Goza". The signature is written in a cursive, flowing style.

Shirley E. Goza  
*Secretary*

Overland Park, Kansas  
March 19, 2014