

LETTER OF COMMENT NO. 89

August 15, 2008

Mr. Russell Golden
Director of Technical Application and Implementation Activities
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

RE: File Reference Number 1590-100, Proposed Statement if Financial Accounting Standards, Accounting for Hedging Activities, an amendment of FASB Statement No. 133

Dear Mr. Golden:

DCT Industrial Trust Inc. ("DCT") is pleased to comment on the Financial Accounting Standards Board ("FASB") Exposure Draft of Proposed Statement of Financial Accounting Standards – Accounting for Hedging Activities, an amendment of FAS 133 (the "Exposure Draft"). We are a leading public real estate company that owns, operates and develops high-quality bulk distribution and light industrial properties in high-volume distribution markets in the US and Mexico. We enter into derivative financial instruments for cash flow hedging purposes, such as interest rate swaps and treasury locks. We enter into swaps to fix the interest rate on floating rate debt instruments. We also enter into forward starting swaps and treasury locks with the intent being to mitigate the interest rate risk associated with future fixed rate debt issuances.

We are supportive of the FASB's efforts to simplify the accounting for hedging activities with the goal being to resolve some of the practice issues that have arisen under FAS 133 and to further bring transparency and usefulness to financial reporting. However, in its current draft we do not believe the Exposure Draft meets the FASB's objectives. In our opinion, the Exposure Draft, if implemented as it is currently written, would increase the overall complexity for some of the simplest and most commonly implemented hedging strategies. Of specific concern to DCT is the elimination of the bifurcation-by-risk approach. As mentioned above, we enter in swaps and treasury locks to hedge upcoming fixed rate debt issuances. These instruments are highly effective at managing a discrete risk (primarily interest rate risk). The elimination of bifurcation-by-risk and using a fair value approach introduces many complications that will make the implementation of the new standard more difficult and impractical.

Under the proposed amendments although forward hedging with interest rate swaps or treasury locks achieve the desired economic goal they may no longer qualify for hedge accounting. This is because the proposed standard eliminates the bifurcation-by-risk approach (except in limited

circumstances) and will require that the derivative be designated as hedging the overall changes in cash flows rather than as hedging changes in the benchmark interest rate. Management's intent is to only hedge changes in the benchmark interest rate yet the effectiveness of the hedge takes into consideration the changes in unhedged risks, such as credit. Even if the hedge does qualify for hedge accounting it could result in significant earnings volatility and would not reflect the true economics of the risk management intends to hedge – interest rate risk. The potential earnings volatility could cause management to consider discontinuing a prudent risk management strategy because we are not willing to accept the resultant earnings volatility.

Another important point that we would like to raise is the current FAS 133 draft amendment that would only permit hedging at the inception of the debt. This would preclude benchmark hedge accounting for many common hedging strategies such as forward hedges, short-term rollover strategies and many lines of credit.

While we agree that FAS 133 is a complex standard we believe that most of the practical issues and differences in interpretation have been resolved over the past years. As such, we do not think the proposed amendments will bring additional transparency and usefulness to financial reporting. Rather the proposed changes bring a new level of complexity to hedge accounting and the interpretation of financial statements and therefore move us farther from the stated goals. Therefore, we strongly propose that the Board reconsider and retain the bifurcation-by-risk approach to hedge accounting.

We thank the Board for its consideration of our recommendations and would be pleased to discuss these issues in more detail with the Board or staff at your convenience.

Sincerely,

Stuart Brown Chief Financial Officer