

Piedmont Office Realty Trust, Inc.  
Form DEF 14A  
July 26, 2010

**SCHEDULE 14A**

**(RULE 14A-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a)**

**of the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-11(c) or § 240.14a-12

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

**PIEDMONT OFFICE REALTY TRUST, INC.**

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box)

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration No.:

(3) Filing Party:

(4) Date Filed:

July 30, 2010

Dear Stockholder:

Attached for your review is a notice of the 2010 Annual Meeting of Stockholders and Proxy Statement for Piedmont Office Realty Trust, Inc ( Piedmont ). YOUR VOTE IS VERY IMPORTANT. Please respond immediately to help us avoid potential delays and additional expense to solicit votes.

We are asking you to read the enclosed materials and to vote on the election of your Board of Directors and the ratification of the appointment of our external auditors for fiscal 2010. You will find much more detail about these proposals in the attached documents. We ask that you review the documents thoroughly and submit your vote as soon as possible in advance of the Annual Meeting on September 15, 2010.

If you have any questions, please call your broker, financial advisor, or a Piedmont Investor Services Specialist at 800-557-4830, Monday through Wednesday, 8:15 a.m. to 6:30 p.m., and Friday, 8:15 a.m. to 5:30 p.m. (ET). Investor Services also may be reached via e-mail at [investor.services@PiedmontREIT.com](mailto:investor.services@PiedmontREIT.com). To view our latest company regulatory filings and updates, including Form 8-K filings, please visit our Web site at [www.piedmontreit.com](http://www.piedmontreit.com).

Thank you for your support of Piedmont and for your prompt vote.

Sincerely,

/s/ Donald A. Miller, CFA

Donald A. Miller, CFA

Chief Executive Officer

Piedmont Office Realty Trust, Inc.

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**OFFICIAL NOTICE OF ANNUAL MEETING**

**PIEDMONT OFFICE REALTY TRUST, INC.**

**11695 Johns Creek Parkway, Suite 350**

**Johns Creek, Georgia 30097**

**Proxy Statement and**

**Notice of Annual Meeting of Stockholders**

**To Be Held September 15, 2010**

Dear Stockholder:

On Wednesday, September 15, 2010, Piedmont Office Realty Trust, Inc. ( Piedmont ), a Maryland corporation, will hold its 2010 annual meeting of stockholders (the Annual Meeting ) at the Metropolitan Club, 5895 Windward Parkway #100, Alpharetta, GA 30005. The meeting will begin at 11:00 a.m. Eastern daylight time.

The purpose of this Annual Meeting is to : (i) elect eight directors to hold office for one-year terms expiring in 2011; (ii) ratify the appointment of Ernst & Young LLP as Piedmont s independent auditor for fiscal 2010; and (iii) transact any other business as may properly come before the meeting.

Your board of directors has selected July 16, 2010 as the record date for determining stockholders entitled to vote at the meeting.

A copy of our 2009 annual report to stockholders (our Annual Report ) is enclosed for your reference. This proxy statement and proxy card are being mailed to you on or about July 30, 2010.

WHETHER YOU PLAN TO ATTEND THE MEETING AND VOTE IN PERSON OR NOT, WE URGE YOU TO HAVE YOUR VOTE RECORDED AS EARLY AS POSSIBLE. YOU HAVE THE FOLLOWING THREE OPTIONS FOR SUBMITTING YOUR VOTES BY PROXY: (1) VIA THE INTERNET; (2) BY TELEPHONE; OR (3) BY MAIL, USING THE ENCLOSED PROXY CARD. BECAUSE WE ARE A WIDELY-HELD REIT WITH A LARGE NUMBER OF STOCKHOLDERS, ***YOUR VOTE IS VERY IMPORTANT! YOUR IMMEDIATE RESPONSE WILL HELP AVOID POTENTIAL DELAYS AND MAY SAVE PIEDMONT SIGNIFICANT ADDITIONAL EXPENSES ASSOCIATED WITH SOLICITING STOCKHOLDER VOTES.***

**Important Notice Regarding the Availability of Proxy Materials for the Stockholders Meeting to Be Held on September 15, 2010: The proxy statement and the 2009 Annual Report to Stockholders are available at [www.proxy-direct/pie21618.com](http://www.proxy-direct/pie21618.com).**

BY ORDER OF THE BOARD OF DIRECTORS

Robert E. Bowers

Chief Financial Officer, Executive Vice President, Secretary and Treasurer

Atlanta, Georgia

July 30, 2010

## QUESTIONS AND ANSWERS

We are providing you with this proxy statement, which contains information about the items to be voted upon at our Annual Meeting. To make this information easier to understand, we have presented some of the information below in a question and answer format.

**Q: Will my vote make a difference?**

**A:** Yes. Your vote is needed to ensure that the proposals can be acted upon. ***YOUR VOTE IS VERY IMPORTANT! Your immediate response will help avoid potential delays and may save Piedmont significant additional expenses associated with soliciting stockholder votes.***

**Q: Why did you send me this Proxy Statement and proxy card?**

**A:** You are receiving a Proxy Statement and proxy card from us because our board of directors is soliciting your proxy to vote your shares at the annual meeting. This Proxy Statement describes issues on which we would like you, as a stockholder, to vote. It also gives you information on these issues so that you can make an informed decision.

When you vote by using the Internet, by telephone, or by signing and returning the proxy card, you appoint Donald A. Miller, CFA, our Chief Executive Officer, and Robert E. Bowers, our Chief Financial Officer, as your representatives at the Annual Meeting. Messrs. Miller and Bowers will vote your shares at the Annual Meeting as you have instructed them or if an issue that is not on the proxy card comes up for vote, in accordance with their best judgment. This way, your shares will be voted whether or not you attend the Annual Meeting. Even if you plan to attend the Annual Meeting, it is a good idea to complete, sign and return your proxy card, vote by telephone or vote over the Internet in advance of the Annual Meeting just in case your plans change.

**Q: When is the Annual Meeting and where will it be held?**

**A:** The Annual Meeting will be held on Wednesday, September 15, 2009, at 11:00 a.m. (Eastern daylight time) at the Metropolitan Club, 5895 Windward Parkway #100, Alpharetta, GA 30005.

**Q: What is the record date?**

**A:** The record date is set for July 16, 2010. Only holders of record of common stock as of the close of business on this date will be entitled to vote at the Annual Meeting.

**Q: How many shares of common stock are outstanding and can vote?**

**A:** As of the record date, there were approximately 53,552,081, 39,702,079, 39,702,139, and 39,702,190 shares of our Class A, B-1, B-2 and B-3 common stock, respectively, issued and outstanding. We refer to our Class A, B-1, B-2 and B-3 shares collectively as our common stock. Every stockholder is entitled to one vote for each share of common stock held. Only shares of common stock outstanding as of the record date will be eligible to vote at the Annual Meeting.

**Q: How many votes do you need to hold the Annual Meeting?**

**A:** In order for us to conduct the Annual Meeting, we must have a quorum, which means that a majority of our outstanding shares of common stock as of the record date must be present in person or by proxy at the Annual Meeting. Your shares will be counted as present at the Annual Meeting if you:

vote over the Internet or by telephone,

properly submit a proxy card (even if you do not provide voting instructions), or

attend the Annual Meeting and vote in person.

**Q: On what items am I voting?**

**A:** You are being asked to vote on:

- (i) the Election of Directors the election of eight directors nominated by our board of directors to serve on the board of directors until our 2011 annual meeting of stockholders; and
- (ii) the ratification of the appointment of Ernst & Young LLP as Piedmont's independent auditor for fiscal 2010.

No cumulative voting rights are authorized, and dissenter's rights are not applicable to the matters being voted upon.

**Q: How do I vote if I am a registered stockholder?**

**A:** If you are a registered stockholder, meaning that your shares are registered in your name, you have four voting options: via Internet, by telephone, by mail, or in person as described below.

You may vote by using the Internet. The address of the website for Internet voting can be found on your proxy card. Internet voting is available 24 hours a day until the Annual Meeting. If you have access to the Internet, we encourage you to vote in this manner.

You may vote by telephone. The toll-free telephone number can be found on your proxy card. Telephone voting is available 24 hours a day until the Annual Meeting.

You may vote by mail. If you choose to vote by mail, simply mark your proxy card and return it in the enclosed prepaid and addressed envelope.

You may vote by attending the Annual Meeting and voting in person.

If you have Internet access, we encourage you to record your vote on the Internet. It is convenient, and it saves Piedmont significant postage and processing costs. In addition, when you vote via the Internet or by phone prior to the meeting date, your vote is recorded immediately and there is no risk that postal delays will cause your vote to arrive late and, therefore, not be counted. For further instructions on voting, see your enclosed proxy card in this Proxy Statement.

**Q: How may I vote for the nominees for director, and how many votes must the nominees receive to be elected?**

**A:** With respect to the election of nominees for director, you may:

vote FOR ALL eight nominees for director;

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vote FOR ALL EXCEPT which will be considered a vote in favor of all nominees EXCEPT those nominees you specifically list in the space provided; or

WITHHOLD ALL which will be considered a vote against all director nominees.

Directors are elected by a plurality vote. As a result, the eight nominees receiving the highest number of FOR votes will be elected as directors. If you sign your proxy card with no further instructions, your shares will be voted FOR ALL eight nominees for director.



**Q: What happens if a nominee is unable to stand for election?**

**A:** If a nominee is unable to stand for election, the board of directors may reduce the number of directors that serve on the board or designate a substitute nominee. If the board of directors designates a substitute nominee, shares represented by proxies voted for the nominee who is unable to stand for election will be voted for the substitute nominee.

**Q: How may I vote for the ratification of Ernst & Young LLP as the independent auditor, and how many votes must the ratification receive to pass?**

**A:** With respect to the ratification of Ernst & Young LLP as independent auditor, you may:

vote FOR the ratification; or

vote AGAINST the ratification.

Ernst & Young LLP will be ratified as the independent auditor for fiscal 2010 at the Annual Meeting if a quorum is present at the Annual Meeting and at least a majority of the votes cast vote FOR the ratification. If you sign your proxy card with no further instructions, your shares will be counted as a vote FOR the ratification of Ernst & Young LLP.

**Q: How does the board of directors recommend I vote on the proposals?**

**A:** The board of directors recommends a vote FOR ALL nominees for election as director who are named as such in this Proxy Statement and FOR the ratification of Ernst & Young LLP as independent auditor for fiscal 2010.

**Q: What if I return my proxy card and then change my mind?**

**A:** If you are a registered stockholder, you have the right to revoke your proxy at any time before the meeting by:

voting again over the Internet or by telephone;

giving written notice to Robert E. Bowers, our Secretary;

attending the Annual Meeting and voting in person; or

returning a new, valid proxy card bearing a later date, that is received before the Annual Meeting date.

**Q: How will the proxies be voted?**

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**A:** Any proxy, if it is received in time, is properly signed and is not revoked, will be voted at the Annual Meeting in accordance with the directions of the stockholder signing the proxy. If you return a signed proxy card but do not provide voting instructions, your shares will be voted for all of the eight nominees to serve on the board of directors and FOR the ratification of the appointment of Ernst & Young LLP as our external auditors for fiscal 2010.

**Q: Are voting procedures different if I hold my shares in the name of a broker, bank or other nominee?**

**A:** If your shares are held in street name through a broker, bank or other nominee, please refer to your proxy card or the instructions they provide regarding how to vote your shares or to revoke your voting instructions. The availability of telephone and Internet voting depends on the voting processes of the broker, bank or other nominee. Written ballots will be passed out to anyone who wants to vote at the Annual Meeting. However, if you hold your shares in street name, you must obtain a legal proxy from your broker, bank or other nominee to be able to vote in person at the Annual Meeting.

**Q: What are the effects of abstentions and broker non-votes?**

**A:** Abstentions with respect to a proposal are counted for purposes of establishing a quorum.

With respect to the proposal to elect eight nominees to our board of directors, abstentions will have the effect of a vote against such proposals.

If your shares are held in street name through a broker, bank or other nominee and you do not provide voting instructions, your broker, bank or other nominee may only vote your shares on your behalf for routine matters.

On routine matters, such as the ratification of independent auditors, brokerage firms have authority to vote their customers' shares if their customers do not provide voting instructions. When a brokerage firm votes its customers' shares on a routine matter without receiving voting instructions, these shares are counted both for establishing a quorum to conduct business at the meeting and in determining the number of shares voted *for* or *against* the routine matter.

On non-routine matters, such as the election of directors, the brokerage firm cannot vote the shares on that proposal if it has not received voting instructions from the beneficial owner of such shares. A broker non-vote occurs when a beneficial owner fails to provide voting instructions to his or her broker as to how to vote shares held by the broker in street name and the broker does not have discretionary authority to vote without instructions.

**Q: Who pays the cost of this proxy solicitation?**

**A:** We will pay all the costs of mailing and soliciting these proxies. Our employees will not be paid any additional compensation for soliciting proxies. Computershare, our proxy solicitor, will be paid an administrative fee of approximately \$3,500 plus \$0.30 per phone vote, \$0.05 per internet vote, and out-of-pocket expenses for its basic solicitation services, which include review of proxy materials, dissemination of brokers search cards, distribution of proxy materials, solicitation of brokers, banks, and institutional holders, and delivery of executed proxies. We may also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to beneficial owners.

**Q: Is this Proxy Statement the only way that proxies are being solicited:**

**A:** No. In addition to mailing proxy solicitation material, Computershare (our third party proxy solicitor), our directors and employees, as well as employees of our transfer agent or other third party proxy service companies we retain, may also solicit proxies in person, via the internet, by telephone or by any other electronic means of communication we deem appropriate.

**Q: If I plan to attend the Annual Meeting in person, should I notify anyone?**

**A:** While you are not required to notify anyone in order to attend the Annual Meeting, if you do plan to attend the meeting, we would appreciate it if you would mark the appropriate box on the enclosed proxy card to let us know how many stockholders will be attending the meeting so that we will be able to prepare a suitable meeting room for the attendees.

**Q: How can I get additional copies of this Proxy Statement or other information filed with the SEC relating to this solicitation?**

**A:** You may obtain additional copies of this Proxy Statement, our 2009 Annual Report on Form 10-K and all other relevant documents filed by us with the SEC free of charge from our Web site at [www.piedmontreit.com](http://www.piedmontreit.com), at the SEC's Web site located at [www.sec.gov](http://www.sec.gov), or by calling our Investor Services Department at 1-800-557-4830.

In addition, we file annual, quarterly and special reports, Proxy Statements and other information with the Securities and Exchange Commission (SEC). Our SEC filings are available to the public on the website maintained by the SEC at <http://www.sec.gov>. You may also read and copy any reports, statements or other information we file with the SEC at the SEC's Public Reference Room located at 100 F Street, N.E., Washington, DC 20549. You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information.

regarding the public reference facilities.

**PROPOSAL I:****ELECTION OF DIRECTORS**

At the Annual Meeting, you will vote on the election of all eight members of our board of directors. Those persons elected will serve as directors until the next annual meeting and until the election and qualification of their successors. All of the nominees have served as directors since our last meeting.

<b>Name</b>	<b>Age</b>	<b>Position(s)</b>
W. Wayne Woody, Chairman	68	Director* and Chairman of the Board of Directors
Michael R. Buchanan	63	Director*
Wesley E. Cantrell	75	Director*
William H. Keogler, Jr.	65	Director*
Frank C. McDowell	61	Director* and Vice-Chairman of the Board of Directors
Donald A. Miller, CFA	48	Chief Executive Officer, President and Director
Donald S. Moss	74	Director*
Jeffrey L. Swope	60	Director*

\* Indicates that such director is considered independent under the NYSE independence standards as determined by our board of directors. The following is detailed information regarding each of the nominees:

**W. Wayne Woody** has served as a director of our company since 2003 and as Chairman of the board of directors since May 9, 2007. He served as the Interim Chief Financial Officer for Legacy Investment Group, a boutique investment firm, from 2000 to 2001. From 1968 until his retirement in 1999, Mr. Woody was employed by KPMG LLP and its predecessor firms, Peat Marwick Mitchell & Co. and Peat Marwick Main. As a Senior Partner of KPMG, he served in a number of key positions, including Securities and Exchange Commission Reviewing Partner and Partner-in-Charge of Professional Practice and Firm Risk Management for the southeastern United States and Puerto Rico. Mr. Woody was also a member of the board of directors of KPMG from 1990 through 1994. Since 2003, he has served as a director and Audit Committee Chair of American HomePatient, Inc., a publicly traded home health care provider. Prior to April 16, 2007, he was also a director of Wells Real Estate Investment Trust II, Inc. Mr. Woody is a retired Certified Public Accountant in Georgia and North Carolina.

Mr. Woody brings to the board broad experience in dealing with complex financial, business and legal issues based on his many years serving as a KPMG partner and his leadership roles within the KPMG organization. Additionally, he has gained expertise and experience by serving on boards of other large, complex companies and has an in-depth knowledge of the workings of the SEC and risk management expertise. This broad based business experience in dealing with virtually all aspects of business issues from both an independent advisor perspective and as a board member for other large companies for many years makes him well-suited to serve as Chairman of the Board; in addition his financial expertise makes him well qualified to serve as both chairman of the Audit Committee of the board and our financial expert.

**Michael R. Buchanan** has served as a director of our company since 2002. He was employed by Bank of America, N.A. and its predecessor banks, NationsBank and C&S National Bank, from 1972 until his retirement in March 2002. While at Bank of America, he held several key positions, including Managing Director of the Real Estate Banking Group, which was responsible for providing real estate loans, including construction, acquisition, development and bridge financing for the commercial and residential real estate industry, as well as providing structured financing for REITs. Mr. Buchanan also currently serves as director of D.R. Horton, Inc.

Mr. Buchanan brings many years of real estate financing and transactional expertise to the board including extensive experience dealing with lenders and ratings agencies, structured finance transactions, complex financial instruments and the financing process with lenders. Based on his many years of reviewing real estate financing

opportunities, he is very familiar with the different geographical markets in which Piedmont owns or may potentially own properties. These experiences make him well suited to serve as chairman of the capital committee of the board. Additionally, his experience serving on the board of a large homebuilder such as D.R. Horton provides the board with additional public real estate company governance expertise.

**Wesley E. Cantrell** has served as an independent director of our company since 2007. He was employed by Lanier Worldwide, Inc. (formerly NYSE: LR), a global document management company, from 1955 until his retirement in 2001. While at Lanier, Mr. Cantrell served in a number of key positions, including President from 1977 to 1987, President and Chief Executive Officer from 1987-1999, and Chairman and Chief Executive Officer from 1999 to 2001. From 1998 to 2009, Mr. Cantrell served as a director for AnnTaylor Stores Corporation (NYSE: ANN). Mr. Cantrell formerly served as a director for First Union National Bank of Atlanta, for Oxford Industries, Inc. (NYSE: OXM), and briefly for Institutional REIT, Inc.

Mr. Cantrell brings to the board broad senior management expertise based on his years as President, Chief Executive Officer and Chairman of a large, complex business such as Lanier Worldwide. While serving on AnnTaylor's board, Mr. Cantrell chaired the Nominating and Corporate Governance Committee and thus brings experience with corporate governance practices to his role as chairman of the Nominating and Corporate Governance Committee of the Piedmont board. As author of books on integrity and ethical decision-making in business, Mr. Cantrell offers unique insight into issues influencing our company culture and business practices.

**William H. Keogler, Jr.** has served as a director of our company since 1998. In 1985, Mr. Keogler founded Keogler, Morgan & Company, Inc., a full-service brokerage firm, and Keogler Investment Advisory, Inc., an investment advisory firm, in which he served as Chairman of the Board, President and Chief Executive Officer. In 1997, both companies were sold to SunAmerica, Inc., a publicly traded NYSE-listed company. Mr. Keogler continued to serve as President and Chief Executive Officer of these companies until his retirement in 1998. Prior to founding Keogler, Morgan & Company, Inc. Mr. Keogler served as a director of Robinson-Humphrey Company, an Atlanta based investment banking firm.

In addition to his general business and financial expertise based on his years advising companies as an investment banker, Mr. Keogler brings to the board experience with dealing with the broker dealer community and a deep understanding of both our retail and institutional stockholders, Mr. Keogler has a unique understanding of our strategies and operations as well as our corporate culture and values as he was one of the original members of the board when Piedmont commenced operations in 1998.

**Donald S. Moss** has served as a director of our company since 1998. He was employed by Avon Products, Inc. (NYSE: AVP), from 1957 until his retirement in 1986. While at Avon, Mr. Moss served in a number of key positions, including Vice President and Controller from 1973 to 1976, Group Vice President of Operations-Worldwide from 1976 to 1979, Group Vice President of Sales-Worldwide from 1979 to 1980, Senior Vice President-International from 1980 to 1983, and Group Vice President-Human Resources and Administration from 1983 until his retirement in 1986. Mr. Moss has served as a director of Wells Timberland REIT, Inc. since 2006. Prior to April 16, 2007, he also served as a director of Wells Real Estate Investment Trust II, Inc. Mr. Moss is a former director of The Atlanta Athletic Club and was the National Treasurer and a director of the Girls Clubs of America from 1973 to 1976.

Mr. Moss brings to the board years of senior leadership experience in managing a large international business such as Avon Products. In particular, Mr. Moss' extensive experience as Group Vice President-Human Resources at Avon makes him particularly well suited to serve as chairman of the Compensation Committee of the board of directors. In addition, Mr. Moss has a unique understanding of our strategies and operations as well as our corporate culture and values as he was one of the original members of the board when Piedmont commenced operations in 1998.

**Frank C. McDowell** has served as a director of our company since 2008 and as Vice Chairman since January 20, 2010. From 1995 until his retirement in 2004, Mr. McDowell served as President, Chief Executive Officer and Director of BRE Properties, Inc., a self-administered equity REIT, which owns and operates income-producing properties, primarily apartments, in selected Western U.S. markets. From 1992 to 1995, Mr. McDowell

was chairman and CEO of Cardinal Realty, the nation's fifteenth largest apartment management company and the nineteenth largest owner of multifamily housing at the time. Additionally, Mr. McDowell served as a director of Eagle Hospitality Trust (NYSE: EHP) from 2006 to 2008 and was a licensed CPA in Texas from 1973 to 1993.

Mr. McDowell brings to the board extensive experience as a CEO within the real estate sector as a result of serving as CEO of BRE Properties and as a result of his experience as head of real estate for First Interstate Bank of Texas and Allied Bancshares. He is very familiar with the public markets including dealing with analysts and institutional investors as well as an in-depth working knowledge of various financial structures and the capital raising process. In addition he has expertise in financial matters and issues given his background as a CPA.

**Jeffrey L. Swope** has served as a director of our company since 2008. In 1991, Mr. Swope formed Champion Partners Ltd., a nationwide developer and investor of office, industrial and retail properties, where he has served as Managing Partner and Chief Executive Officer since 1991. Mr. Swope also serves on the University of Texas at Austin Business School Advisory Board and as a Trustee of the Business School Foundation at the University.

As a nationwide developer of real estate property, Mr. Swope has handled the acquisition, financing, leasing and management of over 50 million square feet of real estate during his 35 year career in the commercial real estate industry and thus brings extensive experience in virtually all aspects of real estate and a wealth of knowledge regarding the individual geographic markets in which Piedmont currently owns or may own property. His development expertise will also be beneficial to Piedmont in the event that we pursue development strategies in the future. He also has an extensive personal network of contacts throughout the real estate industry given his involvement in many industry groups such as the Real Estate Roundtable, Urban Land Institute (ULI), the National Association of Industrial and Office Properties (NAIOP), and the University of Texas.

**Donald A. Miller, CFA**, has served as our Chief Executive Officer, President, and a member of our board of directors since 2007. From 2003 to 2007, Mr. Miller was the Chief Real Estate Officer for Wells Real Estate Funds. Prior to joining Wells Real Estate Funds, Mr. Miller joined and ultimately headed the U.S. equity real estate operations, including acquisitions, dispositions, financing and investment management, of Lend Lease, a leading international commercial office, retail and residential property group from 1994 to 2003. Prior to joining Lend Lease, Mr. Miller was responsible for regional acquisitions for Prentiss Properties Realty Advisors, a predecessor entity to Prentiss Properties Trust, a publicly traded, self-administered and self-managed real estate investment trust (which was acquired by Brandywine Realty Trust in 2005). Mr. Miller is a member of Urban Land Institute (ULI), National Association of Industrial and Office Properties (NAIOP) and the National Association of Real Estate Investment Trusts (NAREIT).

Through his experience serving as Chief Real Estate Officer for Wells Real Estate Funds as well as his work at Lend Lease, Prentiss Properties, and managing real estate investments for Delta Air Lines, Mr. Miller brings to the board 25 years of experience in dealing with virtually all aspects of real estate acquisition, financing, management, leasing, disposition as well as both portfolio and asset management experience. He also has an extensive personal network of contacts throughout the real estate industry given his involvement in ULI, NAIOP and NAREIT. Mr. Miller is very knowledgeable about each of the individual geographic markets in which Piedmont currently owns or may own property. In addition, he has extensive financial expertise given his Chartered Financial Analyst designation and great insight into our strategies and operations as well as our corporate culture and values given his almost seven years of service to Piedmont.

Pursuant to our bylaws and Maryland General Corporation Law, except in the cases of death or resignation, each director will serve until the next annual meeting of our stockholders or until his successor has been duly elected and qualified.

**Your board of directors unanimously recommends a vote FOR ALL nominees listed for election as directors.**

**PROPOSAL II:**

**RATIFICATION OF ERNST & YOUNG LLP AS INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS FOR THE FISCAL YEAR 2010**

***Engagement of Ernst & Young LLP***

On March 16, 2010, the Audit Committee engaged Ernst & Young LLP as our independent registered public accountants to audit our financial statements for the year ended December 31, 2010. This proposal asks you to ratify the selection of Ernst & Young LLP as our independent registered public accounting firm. Although we are not required to obtain such ratification from our stockholders, the board of directors believes it is good practice to do so. Notwithstanding the ratification, the Audit Committee in its discretion may select a different independent registered public accounting firm at any time during the year if it determines that the change would be in the best interests of the Company and our stockholders. In the event that the appointment of Ernst & Young LLP is not ratified, the Audit Committee will 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 will be present at the Annual Meeting, will have the opportunity to make a statement and will be available to respond to appropriate questions by stockholders.

**Your board of directors unanimously recommends a vote FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accountants for fiscal 2010.**

***Pre-Approval Policies***

The Audit Committee Charter imposes a duty on the Audit Committee to pre-approve all auditing services performed for us by our independent auditors, as well as all permitted non-audit services (including the fees and terms thereof) in order to ensure that the provision of such services does not impair the auditor's independence. Unless a type of service to be provided by our independent auditors has received general pre-approval, it will require specific pre-approval by the Audit Committee.

All requests or applications for services to be provided by our independent auditors that do not require specific pre-approval by the Audit Committee will be submitted to management and must include a detailed description of the services to be rendered. Management will determine whether such services are included within the list of services that have received the general pre-approval of the Audit Committee. The Audit Committee will be informed on a timely basis of any such services rendered by our independent auditors.

Requests or applications to provide services that require specific pre-approval by the Audit Committee will be submitted to the Audit Committee by both our independent auditors and our chief financial officer, treasurer, or chief accounting officer, and must include a joint statement as to whether, in their view, the request or application is consistent with the SEC's rules on auditor independence. The Chairman of the Audit Committee has been delegated the authority to specifically pre-approve all services not covered by the general pre-approval guidelines, up to an amount not to exceed \$75,000 per occurrence. Amounts requiring pre-approval in excess of \$75,000 per occurrence require specific pre-approval by our Audit Committee prior to engagement of Ernst & Young LLP, our current independent auditors. All amounts specifically pre-approved by the Chairman of the Audit Committee in accordance with this policy are to be disclosed to the full Audit Committee at the next regularly scheduled meeting.



***Fees Paid to Independent Registered Public Accountants***

The Audit Committee reviewed the audit and non-audit services performed by Ernst & Young LLP, as well as the fees charged by Ernst & Young LLP for such services. In its review of the non-audit service fees, the Audit Committee considered whether the provision of such services is compatible with maintaining the independence of Ernst & Young LLP. The aggregate fees billed to us for professional accounting services provided by Ernst & Young LLP, including the audits of our annual financial statements, for the years ended December 31, 2009 and 2008, respectively, are set forth in the table below.

	2009	2008
Audit Fees	\$ 878,696	\$ 638,935
Audit-Related Fees		
Tax Fees	293,399	312,697
All Other Fees		
<b>Total</b>	<b>\$ 1,172,095</b>	<b>\$ 951,632</b>

For purposes of the preceding table, the professional fees are classified as follows:

**Audit Fees** These are fees for professional services performed for the audit of our annual financial statements and the required review of quarterly financial statements and other procedures to be performed by the independent auditors to be able to form an opinion on our consolidated financial statements. These fees also cover services that are normally provided by independent auditors in connection with statutory and regulatory filings or engagements, and services that generally only the independent auditor reasonably can provide, such as services associated with filing registration statements, periodic reports, and other filings with the SEC. The reason for the increase in audit fees from 2008 to 2009 was that 2009 included services provided in conjunction with the filing of our S-11 as well as fees related to compliance with Section 404 of the Sarbanes-Oxley Act before certain requirements of Section 404 were deferred to 2010 in late 2009.

**Audit-Related Fees** These are fees for assurance and related services that traditionally are performed by independent auditors, such as due diligence related to acquisitions and dispositions, attestation services that are not required by statute or regulation, internal control reviews, non recurring agreed-upon procedures and other professional fees associated with transactional activity.

**Tax Fees** These are fees for all professional services performed by professional staff in our independent auditor's tax division, except those services related to the audit of our financial statements. These include fees for tax compliance filings, tax planning, and tax advice, including federal, state, and local issues. Services may also include assistance with tax notices, audits and appeals before the IRS and similar state and local agencies.

**All Other Fees** These are fees for other permissible work performed that do not meet the above-described categories, including assistance with internal audit plans and risk assessments.

For the year ended December 31, 2009, all services rendered by Ernst & Young LLP were pre-approved by the Audit Committee in accordance with the policies and procedures described above.

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**CERTAIN INFORMATION ABOUT MANAGEMENT**
**Executive Officers**

<b>Name</b>	<b>Age</b>	<b>Position(s)</b>
Donald A. Miller, CFA	48	Chief Executive Officer, President and Director
Robert E. Bowers	53	Chief Financial Officer, Executive Vice President, Secretary, and Treasurer
Laura P. Moon	39	Senior Vice President and Chief Accounting Officer
Raymond L. Owens	52	Executive Vice President Capital Markets
Carroll A. Reddic, IV	45	Executive Vice President Real Estate Operations, Assistant Secretary

The following is detailed information about each of our executive officers other than Mr. Miller whose biographical information is included under Election of Directors above.

**Robert E. Bowers** has served as our Chief Financial Officer since April 2007. A veteran of the financial services industry, Mr. Bowers experience includes investor relations, debt and capital infusion, structuring of initial public offerings, budgeting and forecasting, financial management and strategic planning. Mr. Bowers is also responsible for management of our information technology, risk management and human resource functions. From 2004 until 2007, he served as Chief Financial Officer and Vice President of Wells REF and was a Senior Vice President of Wells Capital. Mr. Bowers has provided strategic financial counsel to a range of organizations, including venture capital funds, public corporations and businesses considering listing on a national securities exchange. Mr. Bowers was Chief Financial Officer and Director of NetBank, Inc. from 1997 to 2002. From 1984 to 1996, Mr. Bowers was Chief Financial Officer and Director of Stockholder Systems, Inc., an Atlanta, Georgia-based financial applications company and its successor, CheckFree Corporation. Mr. Bowers began his career in 1978 as an audit manager for Arthur Andersen & Company in Atlanta.

**Laura P. Moon** has served as our Senior Vice President and Chief Accounting Officer since 2007. In this role she is responsible for all general ledger accounting, financial and tax reporting functions. Prior to joining us, Ms. Moon had been Vice President and Chief Accounting Officer at Wells Real Estate Funds since 2005 where she had responsibility for all general ledger accounting, financial and tax reporting, and internal audit supervision for 19 public registrants as well as several private real estate partnerships. From 2003 to 2005, Ms. Moon served as Senior Director of Financial Planning and Analysis for ChoicePoint, Inc. (since February 2008, a wholly-owned subsidiary of Reed Elsevier), which provides technology, software, information and marketing services to help manage economic and physical risks. Ms. Moon is a Certified Public Accountant.

**Raymond L. Owens** has served as our Executive Vice President Capital Markets since 2007. In this capacity, Mr. Owens is responsible for acquisition, disposition and financing activities of our company. Prior to joining us, Mr. Owens spent five years as a Managing Director Capital Markets for Wells Real Estate Funds, where he oversaw its western regional acquisition team and its real estate finance team. Prior to joining Wells Real Estate Funds, Mr. Owens served as Senior Vice President for PM Realty Group from 1997 to 2002, overseeing all management operations in Atlanta, Washington, D.C., Chicago, and New York. Before joining PM Realty Group, Mr. Owens served as Vice President at General Electric Asset Management, where he managed and negotiated dispositions as well as third-party, nonrecourse financing for real estate assets. Mr. Owens is a member of the National Association of Real Estate Investment Managers (NAREIM), the National Association of Industrial & Office Properties (NAIOP), the Urban Land Institute (ULI), and the Mortgage Bankers Association (MBA).

**Carroll A. ( Bo ) Reddic, IV** has served as our Executive Vice President for Real Estate Operations since 2007. His responsibilities include leading our company s asset and property management divisions. Additionally, he provides oversight to our company s construction management and tenant relationship functions. From 2005 to 2007, Mr. Reddic was a Managing Director in the Asset Management Department at Wells Real Estate Funds, where he was responsible for supervising the firm s asset management function in its Midwest and South

regions. Prior to joining Wells Real Estate Funds, Mr. Reddic was an Executive Director with Morgan Stanley (including the predecessor companies of The Yarmouth Group and Lend Lease Real Estate Investments) from 1990 to 2004, where he served as portfolio manager for domestic commingled investment funds and international separate account portfolios. Mr. Reddic is a member of the National Association of Industrial & Office Properties (NAIOP), the Urban Land Institute (ULI), BOMA and CoreNet Global.

There are no family relationships among our directors or executive officers.

Our executive officers serve as at will employees whose terms are established by our board of directors.

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**INFORMATION REGARDING THE BOARD OF DIRECTORS AND COMMITTEES**
**Leadership Structure**

Our eight member board of directors is comprised of seven independent members and our Chief Executive Officer. Each of our board members are subject to re-election on an annual basis. We do not divide our directors into classes or stagger terms. Mr. Woody has served as our Chairman of the Board since May of 2007, shortly after we became a self managed REIT, and is re-elected by the independent directors on an annual basis. The board currently has no formal policy with respect to the separation of the positions of Chairman of the board and Chief Executive Officer; however, the board believes that the current separation of the positions is in the best interests of Piedmont as it provides continuity for the independent board and the added benefit of additional support, experience and oversight for the management team that was put in place when we became a self-managed REIT in 2007.

**Board Committees**

Our board of directors has established four standing committees: the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, and the Capital Committee. Each of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee comply with the listing requirements and other rules and regulations of the NYSE, as amended or modified from time to time. All members of the committees described below are independent as such term is defined in the NYSE's listing standards and as affirmatively determined by our board of directors.

<b>Board Committee</b>	<b>Chairman</b>	<b>Members</b>
Audit Committee	W. Wayne Woody*	William H. Keogler, Jr.
Compensation Committee	Donald S. Moss	Donald S. Moss Wesley E. Cantrell
Nominating & Corporate Governance Committee	Wesley E. Cantrell	Frank C. McDowell Jeffrey L. Swope Michael R. Buchanan
Capital Committee	Michael R. Buchanan	William H. Keogler, Jr. Frank C. McDowell Jeffrey L. Swope W. Wayne Woody

\* Audit Committee financial expert.

**The Audit Committee**

Our board of directors has established a standing Audit Committee comprised of Messrs. Woody (Chairman), Keogler and Moss. Each member of the Audit Committee meets the independence, experience, financial literacy and expertise requirements of the NYSE, the Sarbanes-Oxley Act

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of 2002, the Exchange Act, and applicable rules and regulations of the SEC, all as in effect from time to time as well as the independent director requirements set forth in our Corporate Governance Guidelines. The board of directors has determined that Mr. Woody satisfies the requirements for an Audit Committee financial expert as defined by the rules and regulations of the SEC.

The Audit Committee operates pursuant to a written charter adopted by our board of directors, a copy of which is available on our website at [www.piedmontreit.com](http://www.piedmontreit.com). The primary responsibilities of the Audit Committee, as set forth in the committee's charter, include the following:

assisting the board of directors in the oversight of (1) the integrity of our financial statements; (2) our compliance with legal and regulatory requirements; (3) the system of internal controls which our management has established; (4) the qualification, independence and performance of our independent auditors; and (5) the performance of our internal audit function;

maintaining a free and open means of communication among our independent auditors, our management, our internal audit department and our board of directors;

reviewing and discussing with management and the independent auditor our annual audited financial statements, and, based upon such discussions, recommending to the board of directors that our audited financial statements be included in our annual report on Form 10-K;

reviewing and discussing with management and the independent auditor our quarterly financial statements and each of our quarterly reports on Form 10-Q;

preparing an Audit Committee report for inclusion in our annual Proxy Statements for our annual stockholder meetings;

appointing, compensating, overseeing, retaining, discharging and replacing our independent auditor;

pre-approving all auditing services, and all permitted non-audit services, performed for us by the independent auditor; and

overseeing our code of business conduct and ethics.

During 2009, the Audit Committee held five meetings.

#### **The Compensation Committee**

The board of directors has established a standing, separately designated Compensation Committee. The members of the Compensation Committee are Messrs. Moss (Chairman), Cantrell, McDowell and Swope. The members of the Compensation Committee are all non-employee independent directors who meet the current independence and experience requirements of the NYSE and applicable rules and regulations of the SEC. For additional information about the Compensation Committee's processes and the role of executive officers and compensation consultants in determining compensation, see Executive Compensation. Pursuant to the Compensation Committee's written charter, as amended and restated on December 9, 2009, a copy of which is available on our website at [www.piedmontreit.com](http://www.piedmontreit.com), its primary responsibilities include:

setting the overall compensation strategy and compensation policies for our executive officers and directors;

reviewing and approving corporate goals and objectives relevant to the compensation of our Chief Executive Officer;

evaluating the Chief Executive Officer's performance in light of those goals and objectives and, either as a committee or together with the other independent directors, determining and approving the Chief Executive Officer's compensation based on this evaluation;

reviewing and approving the compensation of other executive officers or making recommendations to the board with respect to such compensation;

making recommendations to the board with respect to the compensation of all non-employee directors, including board and committee retainers, meeting fees, equity-based compensation and such other compensation as the committee may deem advisable;

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reviewing and approving grants under all incentive-based compensation plans and equity-based plans and approving any new compensation plans or material changes to existing plans;

administering our 2007 Omnibus Incentive Plan;

reviewing and approving any employment agreements, change in control agreements or severance agreements proposed to be entered into with any current or former executive officer;

overseeing and assisting in preparing the Compensation Discussion and Analysis and recommending for inclusion in our Proxy Statement and/or annual report on Form 10-K; and

preparing a Compensation Committee report, as required by applicable SEC regulations, to be included in our Proxy Statements and/or annual report on Form 10-K.

Our Compensation Committee met five times during 2009.

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

Our board of directors has established a standing, separately designated Nominating and Corporate Governance Committee, which is comprised of Messrs. Cantrell (Chairman), Buchanan, and Keogler. The members of the Nominating and Corporate Governance Committee are all independent directors who meet the current independence and experience requirements of the NYSE and applicable rules and regulations of the SEC. The Nominating and Corporate Governance Committee operates pursuant to a written charter adopted by our board of directors, a copy of which is available on our website at [www.piedmontreit.com](http://www.piedmontreit.com). The primary responsibilities of the Nominating and Corporate Governance Committee, as set forth in the committee's charter include:

identifying individuals qualified to serve on the board of directors, consistent with criteria approved by the board of directors, and recommending that the board of directors select a slate of director nominees for election by our stockholders at the annual meeting of our stockholders;

evaluating the independence of candidates for the board of directors;

developing and implementing the process necessary to identify prospective members of our board of directors;

determining the advisability of retaining any search firm or consultant to assist in the identification and evaluation of candidates for membership on the board of directors;

overseeing an annual evaluation of the board of directors, each of the committees of the board and management;

developing and recommending to our board of directors a set of corporate governance principles and policies; and

periodically reviewing our corporate governance structures and procedures and suggesting improvements thereto to our board of directors.

During 2009, the Nominating and Corporate Governance Committee held four meetings.

#### **The Capital Committee**

Our board of directors has established a separately designated Capital Committee, which is comprised of Messrs. Buchanan (Chairman), McDowell, Swope, and Woody. The primary responsibilities of the Capital Committee include:

reviewing and advising the board of directors on our overall financial performance, including issues related to capital structure, operating earnings, dividends and budgetary and reporting processes; and

reviewing and advising the board of directors on investment criteria and acquisition policies, general economic environment in various real estate markets, existing or prospective properties or tenants, and portfolio diversification goals.

During 2009, the Capital Committee met four times.





### ***Board Membership Criteria***

The Nominating and Corporate Governance Committee annually reviews with the board of directors the appropriate experience, skills and characteristics required of board members in the context of the current membership of the board. This assessment includes, in the context of the perceived needs of the board at that time, issues of knowledge, experience, judgment and skills such as an understanding of the real estate industry or brokerage industry or accounting or financial management expertise. Other considerations include the candidate's independence from conflict with Piedmont, the ability of the candidate to attend board meetings regularly and to devote an appropriate amount of effort in preparation for those meetings, and whether the candidate's knowledge and experience of a particular aspect of the real estate industry or particular skill set is additive to the existing experience or skill sets of incumbent members of the board. While we have not adopted a formal policy regarding diversity of our Board, in selecting nominees, the Nominating and Corporate Governance Committee considers the diversity of experience (particularly with regard to different facets of the real estate industry), qualifications, attributes and skills that a potential nominee would bring to the Board. The term "independence" means that the candidate meets the definition of "independent director" contained in Piedmont's corporate governance guidelines and the current independence and experience requirements of the NYSE and applicable rules and regulations of the SEC. It also is expected that independent directors nominated by the board of directors shall be individuals who possess a reputation and hold positions or affiliations befitting a director of a large publicly held company and are actively engaged in their occupations or professions or are otherwise regularly involved in the business, professional or academic community.

### ***Selection of Directors***

The board of directors is responsible for selecting its own nominees and recommending them for election by the stockholders. The board delegates the screening process necessary to identify qualified candidates to the Nominating and Corporate Governance Committee, in consultation with the Chief Executive Officer. Pursuant to Section 2.1 of Piedmont's charter, however, the independent directors must nominate replacements for any vacancies among the independent director positions.

The Nominating and Corporate Governance Committee annually reviews director suitability and the continuing composition of the board of directors; it then recommends director nominees who are voted on by the full board of directors. All director nominees then stand for election by the stockholders annually.

In recommending director nominees to the board of directors, the Nominating and Corporate Governance Committee solicits candidate recommendations from its own members, other directors, and members of our management. The Nominating and Corporate Governance Committee may engage the services of a search firm to assist in identifying potential director nominees. The Nominating and Corporate Governance Committee will also consider recommendations made by stockholders and other interested persons for director nominees who meet the established director criteria set forth above. In addition, stockholders may nominate candidates for election as directors. In order for a stockholder to make a nomination, the stockholder must satisfy the procedural requirements for such nomination as provided in Article II, Section 12 of our Bylaws. Any stockholder may request a copy of our Bylaws free of charge by calling our investor services department at 1-800-557-4830.

In evaluating the persons nominated as potential directors, the Nominating and Corporate Governance Committee will consider each candidate without regard to the source of the recommendation and take into account those factors that the Nominating and Corporate Governance Committee determines are relevant.

### ***Risk Oversight***

The board of directors is involved in risk oversight through direct decision-making authority on significant matters as well as through the oversight of management and appropriate advice and counsel from legal, financial, and compensation advisors. In particular, the board of directors manages risk by reviewing and discussing

periodic reports with management including, but not limited to, reports detailing Piedmont's concentrations of geographic, tenant, industry, and lease expiration risk. Through their various committees, the board monitors acquisition, disposition, leasing and investing activities and has delegated authority to the appropriate levels of management to carry out such activities with appropriate governance reporting at respective committee meetings.

In accordance with its charter, the Audit Committee also monitors major issues regarding accounting principles and financial statement presentation, including any significant changes in the application of accounting principles, and major issues regarding the adequacy of Piedmont's internal controls and analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements. In addition, the Audit Committee follows the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on Piedmont's financial statements and the type and presentation of financial information to be included in earnings press releases, reports, and earnings guidance provided to analysts and rating agencies. The Audit Committee reviews and discusses with management, Piedmont's major financial risk exposures and the steps management has taken to monitor and control such exposures. The Audit Committee is also periodically briefed on Piedmont's processes and policies with respect to risk assessment and risk management and the Audit Committee chairman is interviewed in conjunction with Piedmont's annual risk assessment process. Finally, the Audit Committee is periodically briefed on insurance coverage limits, any significant change in Piedmont's insurance policies, monitoring of Piedmont's code of ethics, whistleblower policy, and insider trading policies as well as quarterly REIT test and debt covenant compliance calculations.

#### ***Director Independence***

The NYSE requires each NYSE-listed company to have a majority of independent board members and a nominating/corporate governance committee, Compensation Committee and Audit Committee each comprised solely of independent directors. Our board of directors has adopted the NYSE independence standards as part of its corporate governance guidelines, which can be accessed on our website at <http://www.piedmontreit.com> under the heading Corporate Governance. This document is also available in print to any stockholder who sends a written request to that effect to the attention of Robert E. Bowers, Secretary, Piedmont Office Realty Trust, 11695 Johns Creek Parkway, Suite 350, Johns Creek, Georgia 30097.

In accordance with NYSE rules, the board of directors affirmatively determined that each of the following directors is independent within the meaning of the NYSE's director independence standards, as then in effect:

Michael R. Buchanan

Wesley E. Cantrell

William H. Keogler, Jr.

Frank C. McDowell

Donald S. Moss

Jeffrey L. Swope

W. Wayne Woody

The persons listed above include all of our current directors, other than Mr. Donald A. Miller, our President and Chief Executive Officer.

The board of directors has also determined that each of the current members of our Audit, Compensation, and Nominating and Corporate Governance Committees is independent within the meaning the NYSE's director independence standards applicable to members of such committees. Additionally, our Audit Committee members satisfy the enhanced independence standards set forth in Rule 10A-3(b)(1)(i) under the Exchange Act and NYSE listing standards.

***Attendance***

Our board of directors met twelve times during 2009, and each member of the board of directors attended in excess of 75% of the board and committee meetings on which such director served that were held during 2009.

We do not have a formal policy with regard to board member attendance at our annual stockholder meetings; however, we expect all of the members of our board of directors to attend our 2010 annual meeting of stockholders. In 2009, all of the members of our board of directors except one attended the annual meeting of stockholders.

***Communications with Stockholders***

We have established several means for stockholders to communicate their concerns to the board of directors. If the concern relates to our financial statements, accounting practices or internal controls, the concerns should be submitted in writing to the Chairman of our Audit Committee in care of our Secretary at our headquarters address. If the concern relates to our governance practices, business ethics or corporate conduct, the concern may be submitted in writing to the Chairman of our Nominating and Corporate Governance Committee in care of our Secretary at our headquarters address. If a stockholder is uncertain as to which category his or her concern relates, he or she may communicate it to any one of the independent directors in care of our Secretary at our headquarters address. Stockholders or other interested parties who wish to communicate with our Chairman or with the non-management directors as a group may do so by writing to our Chairman at our headquarters address.

***Corporate Governance Guidelines and Code of Ethics***

Our board of directors, upon the recommendation of the Nominating and Corporate Governance Committee, has adopted corporate governance guidelines establishing a common set of expectations to assist the board of directors in performing their responsibilities. The corporate governance policies and guidelines, which meet the requirements of the NYSE's listing standards, address a number of topics, including, among other things, director qualification standards, director responsibilities, the responsibilities and composition of the board committees, director access to management and independent advisers, director compensation, and evaluations of the performance of the board. Our board of directors has also adopted a code of ethics, including a conflicts of interest policy that applies to all of our directors and executive officers including our principal executive officer, principal financial officer, principal accounting officer and persons performing similar functions. The Code of Ethics meets the requirements of a code of ethics as defined by the rules and regulations of the SEC. A copy of our corporate governance guidelines and our code of ethics is available on our website at [www.piedmontreit.com](http://www.piedmontreit.com). Any amendments to, or waivers of, the Code of Ethics will be disclosed on our website promptly following the date of such amendment or waivers.

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## EXECUTIVE COMPENSATION

*Note that all information in this proxy statement has been adjusted to give effect to, and all share and per share amounts have been adjusted to give effect to the recapitalization of our common stock which was approved by our stockholders in January 2010. Please refer to our Annual Report on Form 10-K for the year ended December 31, 2009 for a more complete description of the recapitalization transaction.*

### Compensation Discussion and Analysis

#### *Executive Summary*

Piedmont's Funds From Operations ( FFO ) per share before considering the impact of impairment charges decreased from \$1.86 to \$1.75 per share on a fully diluted basis from 2008 to 2009, which equates to a 6.1% decrease. Although FFO decreased, we exceeded the performance of eleven of the thirteen companies in our peer group (see definition and discussion of the companies which comprise our peer group below) and exceeded the median FFO growth of our peer group by a material amount. Though recognizing that we performed well relative to our peer group in 2009, our Compensation Committee placed heavy reliance on the overall deterioration of the commercial office market in general, and, in consultation with our independent compensation consultant, determined that short-term incentive compensation awards for 2009 would be paid at below target levels. During 2009, our Compensation Committee made restricted stock awards pursuant to our 2008 long-term incentive plan at above target levels based on strong performance against the performance metrics our Compensation Committee had established for the 2008 plan.

The following Compensation Discussion and Analysis explains our compensation philosophy, objectives, policies and practices with respect to our Chief Executive Officer, Chief Financial Officer and our three other most highly compensated executive officers, whom we refer to collectively as our named executive officers ( NEOs ), as determined in accordance with applicable SEC rules.

#### *Compensation Committee Members, Independence and Responsibilities*

Our executive compensation program is administered by the Compensation Committee of our board of directors. The Compensation Committee is comprised solely of non-employee directors who meet (i) the independence requirements of the NYSE; (ii) the non-employee director requirement for the purposes of Rule 16b-3 under the Securities and Exchange Acts of 1934, as amended; (iii) the outside director requirements for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended; and (iv) the independent director requirements set forth in our Corporate Governance Guidelines. The members of the Compensation Committee currently include Donald S. Moss (Chairman), Wesley E. Cantrell, Frank C. McDowell, and Jeffrey L. Swope.

The Compensation Committee sets the overall compensation strategy and compensation policies for our executive officers and directors. The Compensation Committee has the authority to determine the form and amount of compensation appropriate to achieve our strategic objectives, including salary, bonus, incentive or performance-based compensation, and equity awards. The Compensation Committee reviews its compensation strategy annually to confirm that it supports our objectives and stockholders' interests and that executive officers are being rewarded in a manner that is consistent with our strategy.

With respect to the compensation of our Chief Executive Officer, the Compensation Committee is responsible for:

reviewing and approving our corporate goals and objectives with respect to the compensation of the Chief Executive Officer;

evaluating the Chief Executive Officer's performance in light of those goals and objectives; and

determining the Chief Executive Officer's compensation (including annual base salary level, annual cash bonus, long-term incentive compensation awards, perquisites and any special or supplemental benefits) based on such evaluation.

With respect to the compensation of executive officers other than the Chief Executive Officer, the Compensation Committee is responsible for:

reviewing and approving the compensation; and

reviewing and approving grants and awards under all incentive-based compensation plans and equity-based plans.

If the Compensation Committee deems it advisable, it can make recommendations to the board of directors with respect to the compensation of executive officers other than the Chief Executive Officer for final approval and if directed by the board, other independent members of the board may assist the Compensation Committee with the determination of compensation levels.

#### *Compensation Philosophy and Objectives*

We seek to maintain a total compensation package that provides fair, reasonable and competitive compensation for our executives while also permitting us the flexibility to differentiate actual pay based on the level of individual and organizational performance. We place significant emphasis on annual and long-term performance-based incentive compensation, including cash and equity-based incentives, which are designed to reward our executives based on the achievement of predetermined company and individual goals.

The objectives of our executive compensation programs are:

to attract and retain candidates capable of performing at the highest levels of our industry;

to create and maintain a performance-focused culture, by rewarding outstanding company and individual performance based upon objective predetermined metrics;

to reflect the qualifications, skills, experience and responsibilities of each named executive officer;

to link incentive compensation levels with the creation of stockholder value;

to align the interests of our executives and stockholders by creating opportunities and incentives for executives to increase their equity ownership in us; and

to motivate our executives to manage our business to meet and appropriately balance our short- and long-term objectives.

#### *Role of the Compensation Consultant*

In carrying out its responsibilities and as permitted by its charter, the Compensation Committee has engaged a compensation consultant employed by Towers Watson (formerly Watson Wyatt), a nationally recognized compensation consulting firm, to assist us in analyzing competitive executive compensation levels and evaluating and implementing our compensation program. Our compensation consultant was not engaged by management to perform any work on behalf of management during 2009. The Compensation Committee considers our compensation consultant to be independent.

During 2009, our compensation consultant met with both management (at the request of the Compensation Committee to act as a liaison or prepare information) and the Compensation Committee jointly as well as individually and provided advice and recommendations regarding our Short and Long Term Incentive Compensation Plans for our employees, including our named executive officers. Our compensation consultant also provided our Compensation Committee input on our director compensation program as well as competitive market compensation data and recommendations for pay levels for each component of our executive compensation program.



Our compensation consultant also provided advice and recommendations surrounding our awards to both our named executive officers and our employee base as a whole. The compensation consultant attends Compensation Committee meetings as appropriate and consults with our Compensation Committee Chairman, and our Director of Human Resources, our Chief Executive Officer, and senior management team (as directed by the Compensation Committee) on compensation related issues.

We anticipate that our compensation consultant will have a similar role in 2010.

*Market Reference Data*

During 2009 our compensation consultant provided competitive market compensation data from proxy statements and Form 4 filings from a peer group of 13 publicly-traded REITS with a substantial office portfolio recommended by our compensation consultant. The peer group consisted of the following companies:

Brandywine Realty Trust	Kilroy Realty Corporation
Brookfield Properties	Liberty Property Trust
Corporate Office Properties Trust	Mack-Cali Realty Corporation
Cousins Properties Incorporated	Maguire Properties, Inc
Douglas Emmett, Inc.	Parkway Properties
Duke Realty Corporation	SL Green Realty Corp
Highwoods Properties, Inc.	

For 2009, the Compensation Committee approved including Brookfield Properties, Liberty Property Trust, and Parkway Properties, and eliminating Lexington Corporate Properties. All other companies are consistent with 2008. Based on an analysis comparing Piedmont to the peer group set forth above, Piedmont ranked at the 63rd and 88th percentile based on total capitalization and 2009 estimated Funds from Operations per share growth, respectively, with a higher percentile rank representing larger relative size and better relative performance.

While we apply our compensation policies to all of our named executive officers on the same basis, differences in compensation opportunities between each of our executive officers arise due to differences in each of the officers' roles and responsibilities within our Company, as well as market pay practices. Our assessment of market pay is primarily driven by comparing our pay practices for each of our named executive officers with the pay practices for their comparable position at each of the above peer group companies. In general, our Chief Executive and Chief Financial Officers' target compensation opportunities were compared to the peer organizations based on positional match. Because sufficient position matches were not available for the Executive Vice Presidents and Chief Accounting Officer, these positions were matched by comparing our pay practices for each of these officers with the pay practices for the top five most highly compensated individuals at each of the above peer companies. The top five most highly compensated individuals at any or all of these peer companies may not perform the same duties and responsibilities for their company as our Executive Vice Presidents and Chief Accounting Officer perform for our company; as such, our Compensation Committee places less emphasis on the market reference data in the case of the Executive Vice Presidents and Chief Accounting Officer.



The total direct compensation opportunity (based on 2009 base salary, 2009 target Short Term Incentive Compensation ( STIC ) and Long Term Incentive Compensation ( LTIC ) opportunities) as well as total direct compensation actually paid to our named executive officers (based on 2009 base salary, 2008 STIC and LTIC payments, which were the most recent available as of the date of the analysis) as compared to the total compensation opportunity and total direct compensation paid to executive officers in the peer group is as follows:

Named Executive Officer	Percentile of Targeted Total Direct Compensation Opportunity as Compared to Respective Positional Match of Peer Group	Percentile of Total Direct Compensation Actually Paid as Compared to Respective Positional Match of Peer Group	Positional Match/Comparator of Peer Group
Donald A. Miller, Chief			
Executive Officer Robert E. Bowers, Chief	49 <sup>th</sup>	31 <sup>st</sup>	Chief Executive Officer
Financial Officer Laura P. Moon, Chief	74 <sup>th</sup>	46 <sup>th</sup>	Chief Financial Officer
Accounting Officer Raymond L. Owens, EVP	38 <sup>th</sup>	23 <sup>rd</sup>	Fifth highest paid executive
Capital Markets Carroll A. Reddic, EVP	12 <sup>th</sup>	9 <sup>th</sup>	Third to Fourth highest paid executive
Real Estate Operations	12 <sup>th</sup>	9 <sup>th</sup>	Third to Fourth highest paid executive

With respect to targeted compensation, our Chief Executive Officer's targeted compensation opportunity approximates median market practices. Our Chief Financial Officer's targeted compensation opportunity is higher than the median of the peer group because he also performs duties similar to a chief administrative officer and chief technology officer and serves as corporate secretary. The other executives' targeted compensation opportunities are less than the median relative to their peers due to both their lack of positional matches as described above as well as their relatively short tenure in their positions. As actual compensation paid for each executive officer was based on below target LTIC awards as discussed in *Long-Term Incentive Compensation Plan Grants in 2009* below, each of the executives' actual total direct compensation paid is also less than the median of their peer comparators due to these same reasons.

In addition to considering the peer data set forth above in making decisions about our named executive officers' compensation opportunities and actual compensation to be paid, the Compensation Committee also considers other factors such as each executive officer's experience, scope of responsibilities, performance and prospects; internal equity in relation to other executive officers with similar levels of experience, scope of responsibilities, performance, and prospects; and individual performance of each named executive officer during their tenure with Piedmont.

Our Compensation Committee also noted that executives within the peer group in some cases receive significant value in other compensation which can include items such as the value of perquisites, supplemental retirement benefits, dividends paid on unvested restricted shares, and other special one-time payments. As we have not historically paid any such items, other compensation was not included in the peer comparison noted above.

#### *Role of Executive Officers in Compensation Decisions*

Our Chief Executive Officer annually reviews the performance of each of the other named executive officers. He also considers the recommendations of the compensation consultant as well as the recommendations of our Chief Financial Officer with regard to the performance of our Chief Accounting Officer. Based on this review and input, he makes compensation recommendations to the Compensation Committee for all executive officers other than himself, including recommendations for performance targets, base salary adjustments, the discretionary components of our short-term cash incentive compensation, and long-term equity-based incentive awards. The Compensation Committee considers these recommendations along with data and input provided by its other advisors. The Compensation Committee retains full discretion to set all compensation for the executive officers.



*Summary of Employment Agreements with our Named Executive Officers*

We are currently party to employment agreements with each of our named executive officers. These agreements were put in place in 2007 and renewed during 2009 with no changes. Base salaries and target short-term cash incentive compensation (expressed as a percentage of their base salary) for the named executive officers for 2009 were as follows:

Name and Position	Annual Base Salary	Annual Short-Term Cash Incentive Compensation as a % of Base Salary		
		Threshold	Target	Maximum
Donald A. Miller, CFA Chief Executive Officer	\$ 624,000	50%	100%	175%
Robert E. Bowers Chief Financial Officer	\$ 410,000	40%	80%	120%
Laura P. Moon SVP and Chief Accounting Officer	\$ 209,000	25%	50%	75%
Raymond L. Owens EVP Capital Markets	\$ 235,000	35%	70%	105%
Carroll A. Reddic, IV EVP Real Estate Operations	\$ 237,500	35%	70%	105%

*Term.* The Chief Executive and Chief Financial Officers' employment agreements were effective February 2, and April 16, 2007, respectively, and the other named executive officer employment agreements were effective May 14, 2007. The initial employment periods ended on December 31, 2009 and were automatically extended for one year. The agreements will continue to renew for successive one-year periods, unless either party gives 90 days written notice prior to the end of the renewal term or his or her employment otherwise terminates in accordance with the terms of the agreement.

*Forfeitures.* If we are required to prepare an accounting restatement due to our material noncompliance, as a result of misconduct, with any financial reporting requirement under the securities laws, Messrs. Miller and Bowers and Ms. Moon's agreements contain provisions that provide for the executives to reimburse us, to the extent required by Section 304 of the Sarbanes-Oxley Act of 2002, for any bonus or other incentive-based or equity-based compensation received by the executives from us during the 12-month period following the first public issuance or filing with the SEC (whichever occurs first) of the financial document embodying such financial reporting requirement. In addition, each executive will reimburse us for any profits realized from the sale of our securities during that 12-month period.

*Benefits.* All of our named executive officers participate in the health and welfare benefit programs, including medical, dental and vision care coverage, disability, long-term care and life insurance, and our 401(k) plan that are generally available to the rest of our employees. We do not have any special benefits or retirement plans for our named executive officers other than an annual physical for our Chief Executive Officer.

*Severance.* Each of our named executive officers is entitled to receive severance payments under certain circumstances in the event that their employment is terminated. These circumstances and payments are described below under Potential Payments Upon Termination or Change of Control. Our Compensation Committee believes that the negotiation of these severance payments was an important factor in attracting the named executive officers to join us in 2007.

*Elements of 2009 Executive Compensation*

The following is a discussion of the base salary, short-term cash incentive compensation and long-term equity compensation that we paid to the named executive officers for 2009.

*Base Salary.* Our Compensation Committee believes that payment of a competitive base salary is a necessary element of any compensation program that is designed to attract and retain talented and qualified executives. The goal of our base salary program is to provide salaries at a level that allows us to attract and retain qualified executives while preserving significant flexibility to recognize and reward individual performance with other elements of the overall compensation program. Base salary levels also affect the short-term cash incentive compensation because each named executive officer's target opportunity is expressed as a percentage of base salary. The following items are generally considered by the Compensation Committee when determining base salary annual increases, however no particular weight is assigned to an individual item:

market data provided by the compensation consultant;

comparability to compensation practices of other office REITs of similar size;

our financial resources;

the executive officer's experience, scope of responsibilities, performance and prospects;

internal equity in relation to other executive officers with similar levels of experience, scope of responsibilities, performance, and prospects;

individual performance of each named executive officer during the preceding calendar year.

For 2009, management recommended and the Compensation Committee accepted a pay freeze for our named executive officers based on current market conditions and pressure on commercial real estate rents and valuations in general.

In addition to an annual base salary review, the Compensation Committee may also consider a base salary review upon a promotion or other change in job responsibility; however no such adjustments were made during 2009.

*Short-Term Cash Incentive Compensation Plan.* The employment agreements described above provide for target bonuses for each of the named executive officers as a percentage of such named executive officer's annual base salary. Under our Short-Term Incentive Compensation Plan (the STIC Plan), the actual bonuses earned under these employment agreements may be increased or decreased based on performance against performance objectives set by the Compensation Committee at the beginning of each year.

Under the 2009 STIC Plan, there were four measures considered. Three of the measures were based on specific corporate metrics measured on a quantitative basis and the fourth measure, Board Discretion, is considered on a qualitative basis. The maximum performance goals are the same for all of our NEOs with the exception of our Chief Executive Officer for whom our Compensation Committee established higher maximum performance goals for each measure to provide additional incentive to our CEO to lead our company to its highest performance. The following table sets forth the actual performance as compared to the minimum, target, and maximum goals for the three quantitative performance metrics set by the Compensation Committee for each NEOs and the weighting assigned to each measure for the 2009 STIC Plan:

Measure	Threshold	Goal Target	Maximum	Actual Performance	Weight
Adjusted Net Income	\$245.1	\$272.3	\$299.6 <sup>(1)</sup>	\$272.4	x 25%
FFO Growth Relative to Peer Group	(25.2)%	(15.2)%	(5.2)% <sup>(1)</sup>	(6.1)%	x 25%
Weighted Average Committed Capital Per Sq. Foot	\$ 4.20	\$ 3.82	\$ 3.44 <sup>(1)</sup>	\$ 3.35	x 20%
Board Discretion	Qualitative	Qualitative	Qualitative	Qualitative	x 30%
<b>Total</b>					<b>100%</b>

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- <sup>(1)</sup> The Maximum goals for our Chief Executive Officer for 2009 were: \$313.2 million for the Adjusted Net Income metric; (.2%) % for the FFO Growth Relative to Peer Group metric; and \$3.25 for the Weighted Average Committed Capital Per Sq. Foot metric.

Adjusted Net Income ( ANI ) is an internally defined performance metric derived from our annual budget which mirrors the calculation of the widely recognized Funds From Operations ( FFO ) metric that is used in the real estate industry, with the exception that certain non-recurring items such as lease termination income and expense and impairment charges are either removed or matched to occur in the same period regardless of when such items would be recognized in an FFO calculation.

FFO growth relative to the peer group set forth above is considered important because a company's ability to grow FFO from year to year is one indicator of the multiple that will be assigned to our company when an equity analyst values our company's securities. The definition of FFO used for purposes of this metric excludes impairment charges. The target performance level for this metric was equal to the median of the peer group.

Weighted Average Committed Capital per Square Foot measures the future capital outlays that our management team has committed to in order to execute leases during the current year. This metric serves as a cross-check to ensure that management does not trade long-term capital expenditures to procure short-term growth in FFO. The target performance level for this metric is based on goals for commitments that are market specific and the weighted average performance goal is a function of the level of actual leasing activity in the respective markets.

The Board Discretion component is considered important as it allows the Board of Directors to appropriately reward aspects of the management team's performance that may not be captured through the use of the quantitative metrics.

In general, the Compensation Committee established targets for the above metrics that were considered achievable, but not without above average performance.

In February 2010, company and individual performance for the 2009 service period was assessed in accordance with the terms of the 2009 STIC Plan by the Compensation Committee and awards to each of the named executive officers were made as follows:

Name	2009 Target Bonus (\$)	2009 Actual Bonus (\$)
Mr. Miller	624,000	607,339
Mr. Bowers	328,000	311,764
Ms. Moon	104,500	99,327
Mr. Owens	164,500	156,357
Mr. Reddic	166,250	158,021

The Compensation Committee determined each executive's actual award set forth above based on actual performance for the three performance metrics under the 2009 STIC Plan as shown in the table above with the exception of the FFO growth relative to a peer group. For the relative FFO growth component, the committee determined that even though we outperformed the majority of the companies in our peer group's FFO growth, actual FFO growth for Piedmont was still negative; therefore, the committee determined to limit the payout allocated to the relative FFO growth component at target for 2009. For the Board Discretion component, the committee determined that payout should be made at 50% of target after considering current market conditions and pressure on commercial real estate rents and valuations in general. The Compensation Committee further determined that the calculated payout for each of the NEOs was appropriate after considering each NEO's performance review by the CEO and the Compensation Committee's subjective assessment of their individual contributions to Piedmont during 2009.

*Long-Term Incentive Compensation Plan.* The objective of our Long-Term Incentive Compensation Plan ( LTIC Plan ) is to attract and retain qualified personnel by offering an equity-based program that is competitive with our peer companies and that is designed to encourage each of our named executive officers, as well as our broader employee base, to balance long-term company performance with short-term company goals and to foster employee retention.

*2007 Omnibus Incentive Plan.* During 2007, our stockholders approved, and our board of directors subsequently adopted, the 2007 Omnibus Incentive Plan. The plan was designed in consultation with our compensation consultant and is intended to provide us with the flexibility to offer performance-based compensation, including stock and cash-based incentive awards, as part of an overall compensation package to attract, motivate, and retain qualified personnel. Officers, employees, non-employee directors, and consultants of ours and our subsidiaries are eligible to be granted cash awards, stock options, stock appreciation rights, restricted stock, deferred stock awards, other stock-based awards, dividend equivalent rights, and performance-based awards under the plan at the discretion of our Compensation Committee.

The Compensation Committee considered that, as a REIT, the grant of restricted stock awards is appropriate because our high dividend distribution requirements lead to a significant portion of our total stockholder return being delivered through our dividends. In addition, during 2009 our stock was not traded on a national or over-the-counter exchange so daily valuations necessary to administer option plans are not available. In the future, we anticipate that any additional awards granted will continue to be in the form of restricted stock although we may consider other equity and cash-based programs to the extent they more effectively meet our program objectives and provide more favorable tax treatment to us or the individual employee. We feel that appropriately designed equity awards, particularly those with future vesting provisions, align our employees' interests with our own interests and those of our stockholders, thereby motivating their efforts on our behalf and strengthening their desire to remain with us.

*Grants in 2009.* On May 6, 2009 the Compensation Committee granted equity awards pursuant to our LTIC Plan. Awards were in the form of restricted stock and were granted in accordance with the terms of the 2007 Omnibus Incentive Plan described above. Of the awards granted, 25% vests immediately, while the remaining 75% vests ratably over the next three years on the grant anniversary date. For information on the number of shares of restricted stock granted to each of the named executive officers during 2009, see *Grants of Plan Based Awards* below.

The Compensation Committee had previously established five performance measures for 2008 to be considered in determining the 2009 grant. While such measures establish a framework to evaluate the Company's performance, the pool of shares granted is established on the grant date given the Compensation Committee's discretion in determining the total pool irrespective of actual performance. The following table sets forth the target goals for the three quantitative measures and weights assigned to each measure as well as the actual results for each performance measure:

Measure	Actual	Goal			Weight
		Minimum	Target	Maximum	
Adjusted Net Income	\$285.6	\$252.5	\$280.6	\$308.7	x 20%
Annual Comparison to NCREIF Office sub-index	(7.94)%	(12.29)% <sup>(3)</sup>	(7.29)% <sup>(1)</sup>	(2.29)% <sup>(2)</sup>	x 20%
Return on Invested Capital	7.83%	5.10%	7.6%	10.10%	x 20%
Performance Against Stated Liquidity Objectives	See discussion below	Qualitative	Qualitative	Qualitative	x 20%
Board Discretion	See discussion below	Qualitative	Qualitative	Qualitative	x 20%
Total					100%

<sup>(1)</sup> Represents the NCREIF Office Sub-Index return for the year ended December 31, 2008

<sup>(2)</sup> Based on outperforming the NCREIF Office Sub-Index return (targeted return) by 5%.

<sup>(3)</sup> Based on underperforming the NCREIF Office Sub-Index return (targeted return) by 5%.

Adjusted Net Income ( ANI ) is an internally defined performance metric derived from Piedmont's annual budget which mirrors the calculation of the widely recognized Funds From Operations ( FFO ) metric that is

used in the real estate industry with the exception that certain non-recurring items such as lease termination income and expense and impairment charges are either removed or matched to occur in the same period regardless of when such items would be recognized in an FFO calculation.

The Annual Comparison to the National Council of Real Estate Investment Fiduciaries ( NCREIF ) Office sub-index is important because it compares our company's annual dividend income as well as appreciation or depreciation of our underlying assets (as measured by comparing our Net Asset Value at December 31, 2008 to our Net Asset Value at December 31, 2007) to that of a broader private office market index. Target performance was defined as delivering a return equal to that of the index.

Return on Invested Capital (defined as Earnings Before Interest and Depreciation as a percentage of our gross assets) compares our return with a target that approximates our weighted average cost of capital and is considered important because it measures how efficiently we deploy the capital that we have raised.

In general, the targets that the Compensation Committee established for the above quantitative metrics were considered achievable, but not without above average performance. For example, Adjusted Net Income is highly dependent on the achievement of certain leasing goals and the close management of operating and interest expense. The annual comparison to NCREIF office sub-index target is objectively determined based on the performance of the broader office market and the Return on Invested Capital target is objectively determined by calculating our overall weighted average cost of capital.

Our Performance Against Stated Liquidity Objectives included specific goals such as continuing to internalize additional functions previously performed by our former advisor, increasing the percentage of our properties in certain concentration markets and pursuing certain investment and capital raising strategies that the Board of Directors deemed important to our overall short and long-term liquidity objectives. The Compensation Committee subjectively determined that the management team had met approximately 2/3 of these goals during the year ended December 31, 2008.

The Board Discretion component allows the Compensation Committee to appropriately recognize aspects of the management team's performance that may not be captured through the use of the quantitative metrics.

As noted above, the metrics established in 2008 represented a framework for consideration in determining the annual grant. For the 2009 grant, the Compensation Committee reduced the total calculated pool for each officer by 15% primarily to reflect the 15% reduction in the Company's net asset value from December 31, 2007 to December 31, 2008.

The targeted number of shares that each NEO is eligible to earn under the LTIC were determined in 2009 based on recommendations from our compensation consultant regarding comparability with awards to officers of our peer group of office REITs as well as taking into consideration each officer's salary and experience level. The actual number of shares that each individual NEO earned was determined by increasing or decreasing the targeted number of shares established by our Compensation Committee based on actual performance against the performance measures included in the LTIC Plan as set forth above based on pre-established increments for each measure. For the number of stock awards granted, see the Grants of Plan Based Awards table below. The Compensation Committee believes these awards promote a performance-focused culture by rewarding employees based upon achievement of company and individual performance, but also motivate our employees to remain with us for an extended period of time as, although the magnitude of the award is performance based, the employee must satisfy additional tenure requirements for the entire award to vest.



2009 LTIC Plan and Awards. The LTIC Plan for 2009 provided for the following four performance measures to be considered with the noted target goals for the three quantitative measures and weights assigned to each measure:

Measure	Minimum	Goal Target	Maximum	Weight
Adjusted Net Income Target	\$245.1	\$272.3	\$299.6	x 25%
Annual Comparison to NCREIF Office sub-index	Underperform Target by five percentage points	Match the return of the sub-index (-19.1%)	Outperform Target by five percentage points	x 25%
Return on Invested Capital	5.10%	7.6%	10.10%	x 20%
Board Discretion	Qualitative	Qualitative	Qualitative	x 30%
				100%

The threshold, target, and maximum dollar value of the restricted stock awards that each of our named executive officers may earn is set forth in the Grants of Plan Based Awards table below.

Upon the collection of all data which factored into the performance measures set forth above, the actual overall pool of shares available to be awarded for 2009 was calculated based on actual performance against the measures above. Individual awards to each of the named executive officers were determined by the compensation committee in May 2010.

#### 2010 LTIC Plan

As a result of our new publicly listed status, on May 11, 2010, the Compensation Committee approved a new 2010 Long Term Incentive Compensation Plan (the 2010 LTIC Plan) for certain of its employees, including its named executive officers. In addition to an annual opportunity to earn restricted stock grants (materially consistent with the 2009 LTIC Plan), the 2010 LTIC Plan contains a Multi-Year Performance Share Compensation Program (the Performance Share Program). The general goal of the Compensation Committee is for each participant's LTIC Plan opportunity to be divided equally between the annual restricted stock grant program and the Performance Share Program. However, during the initial three-year performance period of the Performance Share Program, each participant's Performance Share opportunity (set forth in the table below) will be multiplied by 150% and each participant will have the opportunity to earn a portion of the shares annually. The purpose of this special treatment for the initial three-year performance period is to transition from our historic practice of making all awards over a one-year performance period to making a portion of awards over a three-year performance period, without negatively impacting each participant's total annual award opportunity.

The Performance Share Program provides an opportunity to earn long term equity incentive compensation based on our performance over a three-year period. Performance will be measured by comparing our total stockholder return relative to the total stockholder return for a group of peer companies as determined by the Compensation Committee.

The Compensation Committee has established a threshold, target, and maximum payout potential for each participant. The threshold, target, and maximum payout potential for our named executive officers are as follows:

Name	Threshold	Target	Maximum
Donald A. Miller, CFA	\$ 437,500	\$ 875,000	\$ 1,750,000
Robert E. Bowers	\$ 175,000	\$ 350,000	\$ 700,000
Laura P. Moon	\$ 37,500	\$ 75,000	\$ 150,000
Raymond L. Owens	\$ 62,500	\$ 125,000	\$ 250,000
Carroll A. Reddic, IV	\$ 62,500	\$ 125,000	\$ 250,000

A target payout would be earned if our performance is at the median of the comparator group, and a threshold and maximum payout would be earned if our return is at the 25<sup>th</sup> and 75<sup>th</sup> percentile of the comparator group, respectively. If our return is between the 25<sup>th</sup> and 75<sup>th</sup> percentile, the payout will adjust on a straight-line basis.

At the beginning of each performance cycle, the threshold, target, and maximum payout potential will be converted into a specific number of shares based on the current stock price. Performance cycles will overlap, with a new three-year performance cycle beginning each year. For the initial 2010-2012 performance period, awards may be earned up to one-sixth of the total opportunity after the first year, up to 50% of the total opportunity (cumulatively) after the second year, and up to the full opportunity (cumulatively) after the third year. For performance cycles beginning after 2010, we expect that awards will be earned following the full three-year performance period only. Individual awards to each of the named executive officers will ultimately be determined by the Compensation Committee and will be made pursuant to the 2007 Omnibus Incentive Plan.

*The Impact of Regulatory Requirements on Compensation*

Section 162(m) of the Code limits to \$1 million a publicly held company's tax deduction each year for compensation to any covered employee, except for certain qualifying performance-based compensation. As long as we qualify as a REIT, we do not pay taxes at the corporate level. As such, we believe any loss of deductibility of compensation does not have a significant adverse impact on us.

To the extent that any part of our compensation expense does not qualify for deduction under Section 162(m), a larger portion of stockholder distributions may be subject to federal income tax as ordinary income rather than return of capital, and any such compensation allocated to our taxable REIT subsidiary whose income is subject to federal income tax would result in an increase in income taxes due to the inability to deduct such compensation.

Although we and the Compensation Committee will be mindful of the limits imposed by Section 162(m), even if it is determined that Section 162(m) applies or may apply to certain compensation packages, we nevertheless reserve the right to structure compensation packages and awards in a manner that may exceed the limitation on deduction imposed by Section 162(m).

**2009 Executive Compensation Tables**

The following table sets forth information concerning the compensation earned during the fiscal years ended December 31, 2009 and 2008 and during the fiscal year 2007 from their respective employment dates by our named executive officers:

**SUMMARY COMPENSATION TABLE FOR 2009**

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) <sup>(3)</sup>	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$) <sup>(4)</sup>	Total (\$)
Donald A. Miller, CFA	2009	624,000		1,377,208	607,339 <sup>(2)</sup>	35,993	2,644,540
Chief Executive Officer and President	2008	624,000		1,125,534	682,648	27,032	2,459,214
	2007 <sup>(1)</sup>	565,385	565,000	940,076		9,717	2,080,178
Robert E. Bowers	2009	410,000		550,886	311,764 <sup>(2)</sup>	32,280	1,304,930
Chief Financial Officer, Executive Vice President, Treasurer and Secretary	2008	410,000		385,998	334,228	23,481	1,153,707
	2007 <sup>(1)</sup>	275,385	228,000	550,288		7,406	1,061,079
Laura P. Moon	2009	209,000		157,398	99,327 <sup>(2)</sup>	21,539	487,264
Senior Vice President and Chief Accounting Officer	2008	209,000		128,067	106,484	10,944	454,495
	2007 <sup>(1)</sup>	138,395	86,000	229,287		6,255	459,937
Raymond L. Owens	2009	235,000		196,744	156,357 <sup>(2)</sup>	26,383	614,484
Executive Vice President Capital Markets	2008	235,000		144,301	167,623	23,456	570,380
	2007 <sup>(1)</sup>	154,904	112,000	642,003		11,385	920,292
Carroll A. Reddic, IV	2009	237,500		196,744	158,021 <sup>(2)</sup>	20,920	613,185
Executive Vice President Real Estate Operations	2008	237,500		162,340	169,407	14,630	583,877
	2007 <sup>(1)</sup>	154,904	112,000	229,287		5,915	502,106

(1) Represents amounts earned in 2007 from date of employment as an executive officer of Piedmont (February 2, 2007 for our CEO and April 16, 2007 for all of our other named executive officers).

(2) Represents payments made in February 2010 under our STIC Plan for the service year ended December 31, 2009.

(3) Represents the aggregate grant date fair value of restricted stock awards granted during 2009, 2008 and 2007 estimated as the total expense to be recognized for financial statement reporting purposes for each grant calculated in accordance with FASB ASC Topic 718, *Share-Based Payments*. Pursuant to SEC rules the values are not reduced by an estimate for the probability of forfeiture. As our stock was not traded during 2009, 2008, or 2007, we estimated the fair value of the 2009, 2008, and 2007 awards on their respective grant dates based on an assumed share price of \$22.20, \$26.10, and \$30.00 per share, respectively, reduced by the present value of dividends expected to be paid on the unvested portion of the shares discounted at the appropriate risk-free interest rate.

(4) All other compensation for 2009 was comprised of the following:

Name and Principal Position	Year	Matching Contributions to 401(k) (\$)	Premium for Company Paid Life Insurance (\$)	Dividends Paid on Restricted Stock Awards Vesting Subsequent to Original Grant Date (\$)	Total Other Compensation (\$)
Donald A. Miller, CFA	2009	16,500	216	19,277	35,993
Robert E. Bowers	2009	22,000	216	10,064	32,280
Laura P. Moon	2009	16,500	216	4,823	21,539
Raymond L. Owens	2009	16,500	216	9,667	26,383
Carroll A. Reddic, IV	2009	16,500	216	4,204	20,920

The above benefits and dividends were paid pursuant to the same benefit plans offered to all of our employees and at the same dividend rate as all of our stockholders, respectively.



**Plan-Based Awards**

The table below sets forth the threshold, target, and maximum awards that each of our named executive officers was eligible to earn for fiscal 2009 under the terms of the 2009 STIC and LTIC Plans as well as shares that were granted in 2009 pursuant to the terms of our 2008 LTIC Plan.

We estimated the fair value of the May 6, 2009 awards on the date of grant based on an assumed share price of \$22.20 per share, which was the most recent net asset value of our common stock at the time of grant, reduced by the present value of dividends expected to be paid on the unvested portion of the shares discounted at the appropriate risk-free interest rate.

**GRANTS OF PLAN-BASED AWARDS**

	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(2)</sup>			All Other Stock Awards: <sup>(4)</sup>	
		Threshold	Target	Maximum	Actual	Threshold <sup>(3)</sup>	Target	Maximum <sup>(3)</sup>	Number of Shares of Stock
<b>Donald A. Miller, CFA</b>									
2009 STIC Plan		\$ 312,000	\$ 624,000	\$ 1,092,000	\$ 607,339				
2009 LTIC Plan						\$ 175,000	\$ 1,750,000	\$ 1,925,000	
2008 LTIC Plan									
(awarded in 2009)	May 6, 2009								67,695 \$ 1,377,208
<b>Robert E. Bowers</b>									
2009 STIC Plan		\$ 164,000	\$ 328,000	\$ 492,000	\$ 311,764				
2009 LTIC Plan						\$ 70,000	\$ 700,000	\$ 770,000	
2008 LTIC Plan									
(awarded in 2009)	May 6, 2009								27,078 \$ 550,886
<b>Laura P. Moon</b>									
2009 STIC Plan		\$ 52,250	\$ 104,500	\$ 156,750	\$ 99,327				
2009 LTIC Plan						\$ 20,000	\$ 200,000	\$ 220,000	
2008 LTIC Plan									
(awarded in 2009)	May 6, 2009								7,736 \$ 157,398
<b>Raymond L. Owens</b>									
2009 STIC Plan		\$ 82,250	\$ 164,500	\$ 246,750	\$ 156,357				
2009 LTIC Plan						\$ 25,000	\$ 250,000	\$ 275,000	
2008 LTIC Plan									
(awarded in 2009)	May 6, 2009								9,671 \$ 196,744
<b>Carroll A. Reddic, IV</b>									
2009 STIC Plan		\$ 83,125	\$ 166,250	\$ 249,375	\$ 158,021				
2009 LTIC Plan						\$ 25,000	\$ 250,000	\$ 275,000	
2008 LTIC Plan									
(awarded in 2009)	May 6, 2009								9,671 \$ 196,744

(1) Represents cash payout opportunity for 2009 under the STIC Plan. For amounts actually earned by the NEOs, see the column Non-equity Incentive Plan Compensation in the Summary Compensation Table above.

(2) Represents equity value of payout opportunity under the quantitative measures of the 2009 LTIC Plan. Any amounts earned will be granted in the form of restricted stock in 2010.

(3) Threshold and Maximum amounts presented do not include any possible future payouts under the LTIC Plan for the Board Discretion component which must be assessed qualitatively as no threshold or maximum has been established for that component.

(4) Represents grants in 2009 for the 2008 LTIC Plan. Such awards were determined based on an assumed grant date fair value of \$22.20 per share which was equivalent to the December 31, 2009 net asset valuation per share, which was the most recent estimated value of the

shares available at the time.

*Outstanding Equity Awards at Fiscal Year-End*

The following table provides information regarding unvested stock awards held by our named executive officers as of December 31, 2009. All stock awards were granted under the 2007 Omnibus Incentive Plan and vest 25% immediately upon grant with the remaining 75% vesting 25% per year on the anniversary of the grant date. No options to purchase shares of our common stock have ever been awarded or granted to our named executive officers.

**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END 2009**

Name	Stock Awards	
	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(1)</sup>
<b>Donald A. Miller, CFA:</b>		
May 18, 2007 award	8,542	123,854
April 21, 2008 award	23,908	346,666
May 6, 2009 award	50,771	736,180
<b>Total</b>	<b>83,221</b>	<b>1,206,700</b>
<b>Robert E. Bowers</b>		
May 18, 2007 award	5,000	72,500
April 21, 2008 award	8,199	118,888
May 6, 2009 award	20,309	294,473
<b>Total</b>	<b>33,508</b>	<b>485,861</b>
<b>Laura P. Moon</b>		
May 18, 2007 award	2,083	30,208
April 21, 2008 award	2,720	39,445
May 6, 2009 award	5,802	84,136
<b>Total</b>	<b>10,606</b>	<b>153,789</b>
<b>Raymond L. Owens</b>		
May 18, 2007 award	5,833	84,583
April 21, 2008 award	3,065	44,445
May 6, 2009 award	7,253	105,169
<b>Total</b>	<b>16,151</b>	<b>234,197</b>
<b>Carroll A. Reddic, IV</b>		
May 18, 2007 award	2,083	30,208
April 21, 2008 award	3,448	50,001
May 6, 2009 award	7,253	105,169
<b>Total</b>	<b>12,784</b>	<b>185,378</b>

<sup>(1)</sup> As our common stock was not traded as of December 31, 2009, no market value of our stock is available as of fiscal year end 2009. As such, we estimated the market value of shares of stock that have not vested based on an assumed share price on December 31, 2009 equal to \$14.50 per share which was the price at which shares were offered in conjunction with our offering of 12,000,000 shares of common stock in February 2010.

*Stock Vested*

The following table provides information regarding stock awards made to our named executive officers in 2009 or previous years that vested during the year ended December 31, 2009. No options to purchase shares of





our common stock have ever been awarded or granted to our named executive officers. In addition all of our named executive officers have entered into lockup agreements with our underwriters not to sell or otherwise dispose of any of their shares except forfeitures of shares to satisfy income tax withholdings as allowed under the 2007 Omnibus Incentive Plan, including shares acquired upon vesting, until January 30, 2011.

**STOCKS VESTED FOR 2009**

Name	Stock Awards	
	Number of Shares Acquired On Vesting (#)	Value Realized on Vesting (\$) <sup>(1)</sup>
Donald A. Miller, CFA	37,419	830,709
Robert E. Bowers	15,869	352,294
Laura P. Moon	5,378	119,384
Raymond L. Owens	9,784	217,196
Carroll A. Reddic, IV	6,225	138,199

<sup>(1)</sup> As our common stock was not traded during 2009, no market value of our stock is available as of the vesting date. As such, we estimated the value realized on vesting based on an assumed share price equal to \$22.20 per share which was the most recent net asset value of our common stock available as of each of the respective vesting dates during 2009.

**Potential Payments upon Termination or Change of Control**

The employment agreements with our named executive officers provide that upon termination of employment either by us without cause or by the executive for good reason (each as generally defined below), the executive will be entitled to the following severance payments and benefits:

With respect to Messrs. Miller and Bowers:

Any unpaid annual salary that has accrued, payment for unused vacation, any earned but unpaid annual bonus for the previous year, unreimbursed expenses, and any rights granted the executive pursuant to our 2007 Omnibus Incentive Plan (all of which we collectively refer to as Accrued Benefits );

a pro-rated annual bonus for the then-current year, and upon execution of a release of any claims by the executive, an amount equal to two times the sum of (1) his annual salary then in effect, and (2) the average of his annual bonus for the three years prior to the year of termination; and

two years of continuing medical benefits for the executive and the executive's spouse and eligible dependents.

With respect to Mr. Reddic, Mr. Owens, and Ms. Moon:

any Accrued Benefits;

a pro-rated annual bonus for the then-current year, and upon execution of a release of any claims by the executive, an amount equal to the sum of (1) the executive's annual salary then in effect, and (2) the average of the executive's annual bonus for the three years prior to the year of termination; and

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one year of continuing medical benefits for the executive and the executive's spouse and eligible dependents. Pursuant to the employment agreements, "cause" means any of the following:

any material act or material omission by the executive which constitutes intentional misconduct in connection with the our business or relating to the executive's duties or a willful violation of law in connection with our or relating to the executive's duties;

an act of fraud, conversion, misappropriation or embezzlement by the executive of our assets or business or assets in our possession or control;

conviction of, indictment for or entering a guilty plea or plea of no contest with respect to a felony, or any crime involving any moral turpitude with respect to which imprisonment is a common punishment;

any act of dishonesty committed by the executive in connection with our business or relating to the executive's duties;

the willful neglect of material duties of the executive or gross misconduct by the executive;

the use of illegal drugs or excessive use of alcohol to the extent that any of such uses, in the board of directors' good faith determination, materially interferes with the performance of the executive's duties;

any other failure (other than any failure resulting from incapacity due to physical or mental illness) by the executive to perform his material and reasonable duties and responsibilities as an employee, director or consultant; or

any breach of the affirmative covenants made by the executive under the agreement; any of which continues without cure, if curable, reasonably satisfactory to the board of directors within ten days following written notice from us (except in the case of a willful failure to perform his or her duties or a willful breach, which shall require no notice or allow no such cure right).

Subject to certain cure rights available to us, good reason shall be present where the executive gives notice to the board of directors of his or her voluntary resignation following either:

our failure to pay or cause to be paid the executive's base salary or annual bonus when due;

a material diminution in the executive's status, including, title, position, duties, authority or responsibility;

a material adverse change in the criteria to be applied with respect to the executive's target annual bonus for fiscal year 2009 and subsequent fiscal years as compared to the prior fiscal year (unless Executive has consented to such criteria);

the relocation of our executive offices to a location outside of the Atlanta, Georgia metropolitan area without the consent of the executive;

our failure to provide the executive with awards under the 2007 Omnibus Incentive Plan that are reasonably and generally comparable to awards granted to our other executive officers under the plan;

the occurrence of a change of control of the company; or

solely with respect to Mr. Miller, the failure of the board of directors (or its Nominating and Corporate Governance Committee) to nominate Mr. Miller to the board of directors.

If we notify the executive that we are not renewing the initial term of the employment agreement, or any renewal term, and the executive's employment thereafter terminates as a result of the expiration of the term, the executive is entitled to receive the following severance payments and benefits:

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With respect to Mr. Miller and Mr. Bowers:

Any Accrued Benefits;

a pro-rated annual bonus for the then-current year, and upon execution of a release of any claims by him, an amount equal to two times the sum of (1) his annual salary, and (2) the average of his annual bonus for the three years prior to the year of termination; and

one year of continuing medical benefits for the executive and the executive's spouse and eligible dependents.

With respect to Mr. Reddic, Mr. Owens, and Ms. Moon, the same payments and benefits that would be payable upon a termination by us without cause or by the executive with good reason.

If the executive notifies us that he or she is not renewing the initial term of the employment agreement, or any renewal term, he or she is not entitled to receive any severance pay or benefits. If he or she continues to be employed by us after either of us give 90 days prior written notice of non-renewal, his or her employment will be at-will, and the agreement will terminate, except for certain surviving provisions.

If the executive's employment terminates upon his or her death or disability (which is defined in the agreements to mean physical or mental incapacity whereby the executive is unable with or without reasonable accommodation for a period of six consecutive months or for an aggregate of nine months in any twenty-four consecutive month period to perform the essential functions of the executive's duties) the following will occur:

With respect to Mr. Miller and Mr. Bowers:

his estate or legal representative is entitled to receive any Accrued Benefits and a pro-rated annual bonus for the then-current year;

any grants made to the executive that are subject to a time-based vesting condition shall become vested;

his estate or legal representative, upon execution of a release, is entitled to an amount equal to two times the sum of (1) his annual salary then in effect and (2) the average of his annual bonus for the three years prior to the year of termination; and

one year of continuing medical benefits for the executive and/or the executive's spouse and eligible dependents.

With respect to Mr. Reddic, Mr. Owens and Ms. Moon:

his or her estate or legal representative is entitled to receive any Accrued Benefits and a pro-rated annual bonus for the then-current year;

any grants made to the executive that are subject to a time-based vesting condition shall become vested;

his or her estate or legal representative, upon execution of a release, is entitled to an amount equal to the sum of (1) the executive's annual salary then in effect and (2) the average of the executive's annual bonus for the three years prior to the year of termination; and

one year of continuing medical benefits for the executive and/or the executive's spouse and eligible dependents.

Under the employment agreements, if an executive resigns without good reason (which includes retirement), or if we terminate an executive for cause, then such executive is only entitled to receive his or her Accrued Benefits.

In the event of a termination of employment resulting from a change of control event, the employment agreement with each of our named executive officers provides that such termination will be deemed a termination by the executive for good reason, and any previously issued equity grants subject to time-based vesting conditions will immediately become vested.

The following table summarizes the potential cash payments and estimated equivalent cash value of benefits generally owed to the named executive officers under the terms of their employment agreements described above upon termination of those agreements under various scenarios, assuming the event occurred on December 31, 2009. In determining the value of restricted stock awards that would vest on a triggering event, we estimated the market value of shares of stock that have not vested based on an assumed share price on December 31, 2009 equal to \$14.50 per share which was the price at which shares were offered in conjunction with our offering of 12,000,000 shares of common stock in February 2010:

Name and Principal Position	Without Cause/ For Good Reason <sup>(1)</sup> (\$)	Change-in-Control (Termination Without Cause/ For Good Reason) <sup>(1)</sup> (\$)	Non-renewal by Us of Initial or Subsequent Term <sup>(1)</sup> (\$)	Death/ Disability <sup>(1)</sup> (\$)
Donald A. Miller, CFA <sup>(2)</sup>	3,945,547	3,945,547	3,908,001	3,908,001
Robert E. Bowers <sup>(3)</sup>	2,041,971	2,041,971	2,004,425	2,004,425
Laura P. Moon <sup>(4)</sup>	517,448	517,448	517,448	517,448
Raymond L. Owens <sup>(5)</sup>	676,480	676,480	676,480	676,480
Carroll A. Reddic, IV <sup>(6)</sup>	631,406	631,406	631,406	631,406

<sup>(1)</sup> Includes the average of a) the annualized 2007 bonus which was paid in January 2008 for the service period from the date of Internalization (April 16, 2007, except for our Chief Executive Officer, which was February 2, 2007) to December 31, 2007; b) the 2008 bonus which was paid in February 2009 for the calendar 2008 service period; and (c) the 2009 bonus which was paid in February 2010.

<sup>(2)</sup> Includes \$1,206,700 representing the value of unvested equity awards that would vest upon each triggering event.

<sup>(3)</sup> Includes \$485,861 representing the value of unvested equity awards that would vest upon each triggering event.

<sup>(4)</sup> Includes \$153,789 representing the value of unvested equity awards that would vest upon each triggering event.

<sup>(5)</sup> Includes \$234,197 representing the value of unvested equity awards that would vest upon each triggering event.

<sup>(6)</sup> Includes \$185,378 representing the value of unvested equity awards that would vest upon each triggering event.

The amounts described above do not include payments and benefits to the extent they have been earned prior to the termination of employment or are provided on a non-discriminatory basis to salaried employees upon termination of employment. These include:

distribution of balances under our 401(k) plan;

life insurance proceeds in the event of death; and

disability insurance payouts in the event of disability.

#### Compensation of Directors

We pay our non-employee directors a combination of cash and equity compensation for serving on the board of directors.

#### Cash Compensation

As compensation for serving on board of directors, we pay each of our independent directors an annual retainer of \$35,000 and we pay our chairman of the board an additional \$65,000 annually. We also pay annual retainers to our committee chairmen in the following amounts:

\$10,000 to the chairman of the Audit Committee;

\$7,500 to the chairman of the Compensation Committee; and

\$5,000 to the chairman of each of our other committees.

In addition, we pay our independent directors for attending board and committee meetings as follows:

\$1,500 per regularly scheduled board meeting attended;

\$750 per special board meeting attended; and

\$1,500 per committee meeting attended (except that members of the Audit Committee will be paid \$2,500 per meeting attended for each of the four meetings necessary to review our quarterly and annual financial statements).

All directors receive reimbursement of reasonable out-of-pocket expenses incurred in connection with attendance at meetings of the board of directors. We do not provide any perquisites to our directors.

*Annual Independent Director Equity Awards*

On April 26, 2009, the board of directors approved an annual equity award pursuant to the 2007 Omnibus Incentive Plan for each of the independent directors of \$42,500 payable in the form of 1,914 shares of our common stock with an estimated value of \$22.20 per share for the 2009 award. The annual equity awards were determined based on the advice and recommendation of our compensation consultant considering comparable awards granted to directors of our peer companies as set forth above and were reduced by 15% from previous years primarily to reflect the 15% reduction in our net asset value from 2007 to 2008.

The following table sets forth information regarding the compensation that we paid to our directors during the year ended December 31, 2009. Mr. Miller did not receive any additional compensation for his service as director in 2009.

**DIRECTOR COMPENSATION FOR 2009**

<b>Name and Principal Position</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>Stock Awards (\$)<sup>(1)</sup></b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
Michael R. Buchanan	67,750	42,500		110,250
Wesley E. Cantrell	68,500	42,500		111,000
William H. Keogler, Jr.	67,500	42,500		110,000
Frank C. McDowell	63,500	42,500		106,000
Donald S. Moss	76,500	42,500		119,000
Jeffrey L. Swope	63,500	42,500		106,000
W. Wayne Woody	141,750	42,500		184,250

<sup>(1)</sup> Amount represents the grant date fair value for financial statement reporting purposes in 2009, in accordance with FASB ASC Topic 718 based on the estimated fair value as of the date of grant. As our common stock was not traded during 2009, the grant date fair value of the restricted stock awards was estimated based on an assumed share price equal to our most recent (at the time of vesting) calculated net asset value of \$22.20 per share.

### EQUITY COMPENSATION PLAN INFORMATION

Prior to the adoption of the 2007 Omnibus Incentive Plan, we were subject to the 2000 Independent Director Stock Option Plan (the "Director Option Plan"). Effective April 16, 2007, our board of directors suspended the Director Option Plan. Outstanding awards continued to be governed by the terms of the Director Option Plan; however, all awards made subsequent to April 16, 2007 were made under the 2007 Omnibus Incentive Plan. The following table summarizes outstanding director options and shares remaining for future issuance under the 2007 Omnibus Incentive Plan as of December 31, 2009:

Plan category	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
Equity compensation plans approved by security holders	8,666	\$ 36.00	4,479,073
Equity compensation plans not approved by security holders			
<b>Total</b>	<b>8,666</b>	<b>\$ 36.00</b>	

### REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee is responsible for, among other things, reviewing and approving compensation for the executive officers, establishing the performance goals on which the compensation plans are based and setting the overall compensation principles that guide the committee's decision-making. The Compensation Committee has reviewed the Compensation Discussion and Analysis ("CD&A") and discussed it with management. Based on the review and the discussions with management, the Compensation Committee recommended to the board of directors that the CD&A be included in this 2010 proxy statement and the Annual Report on Form 10-K for the year ended December 31, 2009.

The Compensation Committee:

Donald S. Moss

Wesley E. Cantrell

Frank C. McDowell

Jeffrey L. Swope

#### Compensation Committee Interlocks and Insider Participation

None of the members of our Compensation Committee is or has been employed by us. None of our executive officers currently serves, or in the past three years has served, as a member of the board of directors or Compensation Committee of another entity that has one or more executive officers serving on our board of directors.

### CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

Our Code of Ethics, which is posted on our Web site at [www.piedmontreit.com](http://www.piedmontreit.com), prohibits directors and executive officers from engaging in transactions that may result in a conflict of interest with us. Our audit and nominating and corporate committees review any transaction a director or executive officer proposes to have with us that could give rise to a conflict of interest or the appearance of a conflict of interest, including any transaction that would require disclosure under Item 404(a) of Regulation S-K. In conducting this review, these committees ensure that all such transactions are approved by a majority of the board of directors (including a majority of independent directors) not otherwise interested in the transaction and are fair and reasonable to us.





and on terms not less favorable to us than those available from unaffiliated third parties. No transaction has been entered into with any director or executive officer that does not comply with those policies and procedures. There were no transactions in 2009 that would require disclosure under Item 404(a) of Regulation S-K.

## STOCK OWNERSHIP

The following table sets forth certain information regarding the beneficial ownership of shares of our common stock as of June 30, 2010:

Name of Beneficial Owner <sup>(1)</sup>	Class A <sup>(2)</sup>		Class B-1 <sup>(2)</sup>		Class B-2 <sup>(2)</sup>		Class B-3 <sup>(2)</sup>		Total	
	Shares Beneficially Owned		Shares Beneficially Owned		Shares Beneficially Owned		Shares Beneficially Owned		Shares Beneficially Owned	
	Owned	Percentage	Owned	Percentage	Owned	Percentage	Owned	Percentage	Owned	Percentage
Michael R. Buchanan <sup>(3)</sup>	11,658	*	1,916	*	1,916	*	1,915	*	17,405	*
Wesley E. Cantrell	11,473	*	948	*	948	*	948	*	14,317	*
William H. Keogler, Jr. <sup>(4)</sup>	13,015	*	7,621	*	7,621	*	7,621	*	35,878	*
Frank C. McDowell	8,315	*	1,790	*	1,790	*	1,790	*	13,685	*
Donald S. Moss <sup>(4)</sup>	12,216	*	10,474	*	10,474	*	10,474	*	43,638	*
Jeffrey L. Swope	3,542	*	1,017	*	1,017	*	1,017	*	6,593	*
W. Wayne Woody <sup>(5)</sup>	8,575	*	1,832	*	1,832	*	1,832	*	14,071	*
Donald A. Miller, CFA	47,173	*	20,636	*	20,638	*	20,638	*	109,085	*
Robert E. Bowers	13,764	*	8,145	*	8,145	*	8,145	*	38,199	*
Laura P. Moon	4,958	*	3,330	*	3,333	*	3,333	*	14,954	*
Raymond L. Owens	10,162	*	6,129	*	6,130	*	6,130	*	28,551	*
Carroll A. Reddic	6,525	*	3,491	*	3,492	*	3,492	*	17,000	*
All executive officers and directors as a group	163,089	*	77,119	*	77,130	*	77,131	*	394,469	*

\* Less than 1% of the outstanding common stock.

(1) The address of each of the stockholders is c/o Piedmont Office Realty Trust, Inc., 11695 Johns Creek Parkway, Suite 350, Johns Creek, Georgia 30097.

(2) All of our directors and executive officers have entered into lockup agreements with the underwriters of our recent offering of common stock which prohibit each respective director or officer from selling or otherwise disposing of any of their shares until January 30, 2011.

(3) Includes options to purchase up to 2,166 shares of common stock, which are exercisable within 60 days of June 30, 2010.

(4) Includes options to purchase up to 2,000 shares of common stock, which are exercisable within 60 days of June 30, 2010.

(5) Includes options to purchase up to 1,833 shares of common stock, which are exercisable within 60 days of June 30, 2010.

None of the shares beneficially owned by our directors or executive officers are subject to pledge and no other persons own 5% or greater of our common stock

## Section 16(a) Beneficial Ownership Reporting Compliance

Under Section 16(a) of the Exchange Act, directors, executive officers and any persons beneficially owning more than 10% of our common stock are required to file reports of ownership and changes in ownership of such stock with the SEC. Based solely on our review of copies of these reports filed with the SEC and written representations furnished to us by our officers and directors, we believe that all of the persons subject to the Section 16(a) reporting requirements filed the required reports on a timely basis with respect to fiscal year 2009.

## AUDIT COMMITTEE REPORT

### *Report of the Audit Committee*

The following Report of the Audit Committee to stockholders is not soliciting material and is not deemed filed with the SEC and is not to be incorporated by reference in any filing of Piedmont under the Securities Act of 1933 (Securities Act) or the Securities Exchange Act of 1934 (Exchange Act), whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

Pursuant to the Audit Committee Charter adopted by the board of directors of Piedmont, the Audit Committee's primary function is to assist the board of directors in fulfilling its oversight responsibilities by overseeing the independent auditors and reviewing the financial information to be provided to the stockholders and others, the system of internal control over financial reporting which management has established, and the audit and financial reporting process. The Audit Committee is composed of three independent directors and met five times in fiscal year 2009. Management of Piedmont has the primary responsibility for the financial statements and the reporting process, including the system of internal control over financial reporting. Membership on the Audit Committee does not call for the professional training and technical skills generally associated with career professionals in the field of accounting and auditing. In addition, the independent auditors devote more time and have access to more information than does the Audit Committee. Accordingly, the Audit Committee's role does not provide any special assurances with regard to the financial statements of Piedmont, nor does it involve a professional evaluation of the quality of the audits performed by the independent auditors.

In this context, in fulfilling its oversight responsibilities, the Audit Committee reviewed the audited financial statements in the Annual Report on Form 10-K with management, including a discussion of the quality and acceptability of the financial reporting and controls of Piedmont; the reasonableness of significant judgments; and the clarity of disclosures in the financial statements.

The Audit Committee reviewed with the independent auditors, who are responsible for expressing an opinion on the conformity of those audited financial statements with U.S. generally accepted accounting principles, their judgments as to the quality and acceptability of the financial and such other matters as are required to be discussed with the Audit Committee under Statement on Auditing Standards No. 61, as amended, AICPA, Professional Standards, Vol. 1 AU, Section 380 as adopted by the Public Company Accounting Oversight Board in Rule 3200T, and other standards of the Public Company Accounting Oversight Board, rules of the Securities and Exchange Commission, and other applicable regulations. The Audit Committee also received from and discussed with the independent auditors the written disclosures and the letter required by the applicable requirements of the Public Company Accounting Oversight Board relating to that firm's independence from Piedmont and has discussed with that firm their independence. In addition, the Audit Committee considered the compatibility of non-audit services provided by the independent auditors with the auditors' independence.

The Audit Committee discussed with the independent auditors the overall scope and plans for their audits. The Audit Committee meets periodically with the internal auditor and the independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the internal controls, and the overall quality of the financial reporting of Piedmont.

In reliance on these reviews and discussions, the Audit Committee approved the audited financial statements of Piedmont be included in its Annual Report on Form 10-K for the year ended December 31, 2009 for filing with the Securities and Exchange Commission. The board of directors approved the Annual Report on Form 10-K for the year ended December 31, 2009 for filing with the Securities and Exchange Commission.

The Audit Committee

W. Wayne Woody (Chairman)

William H. Keogler, Jr.,

Donald S. Moss

### **PROPOSALS YOU MAY VOTE ON**

WHETHER YOU PLAN TO ATTEND THE MEETING AND VOTE IN PERSON OR NOT, WE URGE YOU TO HAVE YOUR VOTE RECORDED. STOCKHOLDERS HAVE THE FOLLOWING THREE OPTIONS FOR SUBMITTING THEIR VOTES BY PROXY: (1) VIA THE INTERNET, (2) BY TELEPHONE OR (3) BY MAIL, USING THE ENCLOSED PROXY CARD. BECAUSE WE ARE A WIDELY-HELD REIT WITH MANY STOCKHOLDERS, **YOUR VOTE IS VERY IMPORTANT!** YOUR IMMEDIATE RESPONSE WILL HELP AVOID POTENTIAL DELAYS AND MAY SAVE PIEDMONT SIGNIFICANT ADDITIONAL EXPENSES ASSOCIATED WITH SOLICITING STOCKHOLDER VOTES.

### **STOCKHOLDER PROPOSALS**

In order to be eligible for presentation at our 2011 annual meeting, our Bylaws require that written notice of any director nominations or other stockholder proposals must be received by our Secretary no earlier than March 2, 2011 and no later than April 1, 2011 at the following address: Robert E. Bowers, Secretary, Piedmont Office Realty Trust, 11695 Johns Creek Parkway, Suite 350, Johns Creek, Georgia 30097. Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, stockholder proposals submitted for inclusion in our proxy statement for the 2011 Annual Meeting must be received by April 1, 2011.

### **HOUSEHOLDING**

The SEC has adopted a rule concerning the delivery of disclosure documents. The rule allows us to send a single annual report, Proxy Statement, Proxy Statement combined with a prospectus, or information statement to any household at which two or more stockholders reside if they share the same last name or we reasonably believe they are members of the same family. This procedure is referred to as **Householding**. This rule benefits both you and Piedmont. It reduces the volume of duplicate information received at your household and helps Piedmont reduce expenses. Each stockholder subject to Householding will continue to receive a separate proxy card or voting instruction card.

If any stockholders in your household wish to receive a separate annual report and a separate proxy statement, they may call us at 1-800-557-4830 or write to Piedmont Investor Services Department at P.O. Box 2828, Norcross, Georgia 30091-2828. If you are a stockholder that receives multiple copies of our proxy materials, you may request Householding by contacting us in the same manner and requesting a householding consent.

### **OTHER MATTERS**

As of the date of this Proxy Statement, we know of no business that will be presented for consideration at the Annual Meeting other than the items referred to herein. If any other matter is properly brought before the meeting for action by stockholders, proxies in the enclosed form returned to us will be voted in accordance with the recommendation of the board of directors or, in the absence of such a recommendation, in accordance with the discretion of the proxy holder.

**VOTING OPTIONS:**

**VOTE ON THE INTERNET**

**Log on to:**

**[www.proxy-direct.com](http://www.proxy-direct.com)**

**Follow the on-screen instructions**

*available 24 hours*

**VOTE BY PHONE**

**Call 1-866-241-6192**

**Follow the recorded instructions**

*available 24 hours*

**VOTE BY MAIL**

**Vote, sign and date this Proxy**

**Card and return in the**

**postage-paid envelope**

**VOTE IN PERSON**

**Attend Shareholder Meeting**

**on September 15, 2010**

Please detach at perforation before mailing.

**PROXY CARD**

**PROXY CARD**

**PIEDMONT OFFICE REALTY TRUST, INC.**

**ANNUAL MEETING OF STOCKHOLDERS TO BE HELD SEPTEMBER 15, 2010**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned stockholder hereby appoints Donald A. Miller, CFA and Robert E. Bowers, and each of them, as proxy and attorney-in-fact, each with the power to appoint his substitute, on behalf and in the name of the undersigned, to represent the undersigned at the Annual Meeting of stockholders of PIEDMONT OFFICE REALTY TRUST, INC. to be held on September 15, 2010, and at any adjournments or postponements thereof, and to vote all shares of common stock that the undersigned would be entitled to vote if personally present, as indicated on the reverse side of this card. The undersigned acknowledges receipt of the notice of the Annual Meeting of stockholders, the Proxy Statement, and the annual report.

**This proxy, when properly executed, will be voted in the manner directed herein by the undersigned stockholder. If you sign this proxy and do not provide instructions as to how to vote your shares, this proxy will be voted FOR ALL nominees listed and FOR the ratification of the appointment of Ernst & Young LLP as independent registered public accountants for the fiscal year 2010. The proxies are authorized to vote upon such other matters as may properly come before the meeting or any adjournments thereof in accordance with the recommendation of the board of directors or, in the absence of such a recommendation, in their discretion,**

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including, but not limited to, the power and authority to adjourn the meeting to a date not more than 120 days after the record date in the event that a quorum is not obtained by the September 15, 2010 meeting date.

VOTE VIA THE INTERNET: [www.proxy-direct.com](http://www.proxy-direct.com)

VOTE VIA THE TELEPHONE: 1-866-241-6192

**Note: Please sign exactly as your name appears on this proxy card. When shares of common stock are held by joint owners, both should sign. When signing as attorney, executor, administrator, trustee, or guardian, please give full title as such. If a corporation, please sign in full corporate name by president or other authorized officer. If a partnership, please sign in partnership name by general partner or other authorized person.**

Share Owner sign here

Co-Owner sign here

Date

*PIE\_21618\_071510*

**Important Notice Regarding the Availability of Proxy Materials for Piedmont Office Realty Trust, Inc.**

**Annual Meeting of Stockholders to Be Held on September 15, 2010.**

**The Proxy Statement for this meeting is available at: <https://www.proxy-direct.com/pie21618>**

Please detach at perforation before mailing.

**OUR BOARD RECOMMENDS THAT YOU VOTE FOR ALL OF THE EIGHT NOMINEES , AS DESCRIBED IN THE PROXY STATEMENT.**

**TO VOTE, MARK A BLOCK BELOW IN BLUE OR BLACK INK. Example: ☐**

1. Election of Directors

01. W. Wayne Woody	02. Michael R. Buchanan	03. Wesley E. Cantrell	FOR	WITHHOLD	FOR ALL
04. William H. Keogler, Jr.	05. Donald S. Moss	06. Frank C. McDowell	ALL	ALL	EXCEPT
07. Donald A. Miller, CFA	08. Jeffrey L. Swope		..	..	..

To withhold authority to vote for any individual nominee, mark the FOR ALL EXCEPT box and write the nominee's number on the line provided below.

2. To ratify the appointment of Ernst & Young LLP as independent registered public accountants for the fiscal year 2010.	FOR	AGAINST	ABSTAIN
	..	..	..

<b>I PLAN TO ATTEND THE ANNUAL MEETING.</b>	<b>YES</b>	<b>NO</b>
	..	..

**ADDRESS CHANGE:**

**IMPORTANT**

**PLEASE SIGN AND DATE ON THE REVERSE SIDE AND RETURN THIS PROXY CARD IN THE ENCLOSED ENVELOPE.**

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