

Piedmont Office Realty Trust, Inc.  
Form DEF 14A  
July 20, 2009

## 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:

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(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):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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Fee paid previously with preliminary materials.

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:

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(2) Form, Schedule or Registration No.:

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(3) Filing Party:

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(4) Date Filed:

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July 20, 2009

Dear Stockholder:

Attached for your review is a notice of the 2009 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.

You will find much more detail about the Director nominees 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, 2009.

If you have any questions, please call your financial advisor or call a Piedmont Investor Services Specialist at 800-557-4830, Monday through Thursday, 8:15 a.m. to 6:30 p.m., and Friday, 8:15 a.m. to 5:30 p.m. (EDT). 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. We greatly value our relationship with you and will continue to keep you informed in the days ahead regarding your investment.

Sincerely,

/s/ Donald A. Miller, CFA

Donald A. Miller, CFA

Chief Executive Officer

Piedmont Office Realty Trust, Inc.

**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, 2009**

Dear Stockholder:

On Tuesday, September 15, 2009, Piedmont Office Realty Trust, Inc. ( Piedmont ), a Maryland corporation, will hold its 2009 annual meeting of stockholders (the Annual Meeting ) at Hyatt Place Johns Creek, 11505 Medlock Bridge Rd, Johns Creek, GA 30097. The meeting will begin at 11:00 a.m. Eastern daylight time.

The purpose of this Annual Meeting is to consider and to vote upon a proposal to elect eight directors to hold office for one-year terms expiring in 2010 and to transact any other business as may properly come before the meeting.

Your board of directors has selected July 13, 2009 as the record date for determining stockholders entitled to vote at the meeting.

Copies of our 2008 annual report to stockholders (our Annual Report ) have previously been mailed to our stockholders. This proxy statement and proxy card are being mailed to you on or about July 23, 2009.

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 MORE THAN 110,000 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, 2009: The proxy statement and the 2008 Annual Report to Stockholders are available at [www.piedmontreit.com](http://www.piedmontreit.com).**

BY ORDER OF THE BOARD OF DIRECTORS

Robert E. Bowers

Chief Financial Officer, Executive Vice President, Secretary and Treasurer

Atlanta, Georgia

July 20, 2009

## 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 proposal 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.

If an issue comes up for vote at the Annual Meeting that is not on the proxy card, Messrs. Miller and Bowers will vote your shares, under your proxy, at their discretion.

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

**A:** The Annual Meeting will be held on Tuesday, September 15, 2009, at 11:00 a.m. (Eastern daylight time) at Hyatt Place Johns Creek, 11505 Medlock Bridge Rd, Johns Creek, GA 30097.

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

**A:** The record date is set for July 13, 2009. 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 473,006,940 shares of our common stock issued and outstanding. 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 the Election of Directors the election of eight directors nominated by our board of directors to serve on the board of directors until our 2010 annual meeting of stockholders.

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

**Q: How do I vote?**

**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 is <https://www.proxy-direct.com>. Internet voting is available 24 hours a day and will be accessible until midnight, Eastern daylight time on September 15, 2009. 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 is 1-866-241-6192. Telephone voting is available 24 hours a day and will be accessible until midnight, Eastern daylight time on September 15, 2009.

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.

Each of the eight nominees for election as a director will be elected at the Annual Meeting if a quorum is present at the Annual Meeting and at least a majority of shares present in person or by proxy and entitled to vote at such meeting vote in favor of such director for election. If you sign your proxy card with no further instructions, your shares will be counted as a vote FOR ALL director nominees.



**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 does the board of directors recommend I vote on the proposal?**

**A:** The board of directors recommends a vote FOR ALL nominees for election as director who are named as such in this Proxy Statement.

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

**A:** You have the right to revoke your proxy at any time before the meeting by:

voting again over the Internet or by telephone before midnight, Eastern daylight time, on September 15, 2009;

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?**

**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.

**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 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.

**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.

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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 vote your shares, your broker, bank or other nominee may vote your shares on your behalf under certain circumstances.

On routine matters, such as the election of directors, 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, 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. There are no non-routine matters being voted on at this Annual Meeting. By signing your proxy card and returning it to your broker without specific voting instructions as to any proposal, your shares represented by that proxy will be voted FOR that proposal.

**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, our directors and employees, as well as employees of our transfer agent or 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 2008 Annual Report on Form 10-K and all other relevant documents filed by us with the SEC free of charge at the SEC's Web site located at [www.sec.gov](http://www.sec.gov), from our Web site at [www.piedmontreit.com](http://www.piedmontreit.com), 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 1:****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. Seven of the nominees have served as directors since our last meeting. Jeffrey L. Swope joined the board of directors in October 2008.

<b>Name</b>	<b>Age</b>	<b>Position(s)</b>
W. Wayne Woody, Chairman	67	Director* and Chairman of the Board of Directors
Michael R. Buchanan	62	Director*
Wesley E. Cantrell	74	Director*
William H. Keogler, Jr.	63	Director*
Frank C. McDowell	60	Director*
Donald A. Miller, CFA	47	Chief Executive Officer, President and Director
Donald S. Moss	73	Director*
Jeffrey L. Swope	58	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 an independent director of our company since 2003 and he was appointed Chairman of the board of directors on 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. Prior to joining KPMG, Mr. Woody was a Principal Budget Analyst for the State of Georgia Office of Planning and Budget, where he reviewed, analyzed and presented the Governor's budget proposals to the state legislature. Mr. Woody is a former Chairman of the audit committee for the City of Atlanta. He was also a director and the former Chairman of the audit committee of the Metropolitan Atlanta Chapter of the American Red Cross. Mr. Woody is a former member of the board of directors for the Metropolitan Atlanta Chapter of the American Heart Association. Since 2003, he has served as a director of American HomePatient, Inc., a publicly traded home health care provider, and as a trustee of the Wells Family of Real Estate Funds, a REIT-index mutual fund. Prior to April 16, 2007, he was also a director of Wells Real Estate Investment Trust II, Inc. In addition, he formerly served as a trustee and chairman of the Finance Committee for the Georgia State University Foundation. Mr. Woody previously served a three-year term as Chairman of the Board of Trustees of the Georgia Center for the Visually Impaired. Mr. Woody received a Bachelor of Science degree from Middle Tennessee State University and a Master's of Business Administration degree from Georgia State University. He is a retired Certified Public Accountant in Georgia and North Carolina.

**Michael R. Buchanan** has served as an independent director of our company since 2002. Mr. Buchanan also currently serves as director of D.R. Horton, Inc., a publicly held residential development company. 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. Mr. Buchanan has over 30 years of real estate banking and financial experience and, while at Bank of America, he held several key positions, including Managing Director of the Real Estate Banking Group, where he managed approximately 1,100 associates in 90 offices from 1998 until his retirement. This group 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 served as a trustee of Wells Family of Real Estate Funds, a REIT-index mutual fund, from 2002 to 2008. Mr. Buchanan is a graduate of the University of Kentucky where he earned a Bachelor of Economics degree and a Master's of Business Administration degree. He also attended Harvard University in the graduate program for management development.

**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. During his time at Lanier, Mr. Cantrell oversaw the company's sales increase from less than \$100 million to over \$1.4 billion and successfully transitioned the company through several major technology changes while repositioning a competitive U.S.-based company into a global competitor. More recently, in May 2007, Mr. Cantrell co-authored the book, *High-Performance Ethics: 10 Timeless Principles for Next-Generation Leadership*. The book emphasizes integrity and ethical decision-making as essential elements for any successful business. Mr. Cantrell also previously served as a director for AnnTaylor Stores Corporation (NYSE: ANN), a publicly traded women's specialty retailer listed on the NYSE, and a director for First Union National Bank of Atlanta and briefly served as a director of Institutional REIT, Inc., a public program newly sponsored by our former advisor. Mr. Cantrell graduated from the Southern Technical Institute with highest honors and was awarded an honorary doctorate from Southern Polytechnic State University.

**William H. Keogler, Jr.** has served as an independent director of our company since 1998. From December 1974 to July 1982, Mr. Keogler was employed by Robinson-Humphrey, Inc., an investment banking company, brokerage and trading firm, as the Director of Fixed Income Trading Departments responsible for municipal bond trading and municipal research, corporate and government bond trading, unit trusts and SBA/FHA loans, as well as being a member of the board of directors. From July 1982 to October 1984, Mr. Keogler was Executive Vice President, Chief Operating Officer, Chairman of the Executive Investment Committee and member of the board of directors and Chairman of the Managed Funds Association Advisory Board for the Financial Service Corporation. In March 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 January 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 January 1998. In addition, Mr. Keogler has served as a trustee of Wells Family of Real Estate Funds, a REIT-index mutual fund, since 2001.

**Frank C. McDowell** has served as an independent director of our company since June 13, 2008. 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. Before joining Cardinal Realty Services, Mr. McDowell had served as a senior executive and head of real estate at First Interstate Bank of Texas and Allied Bancshares, where he had responsibility for regional management, real estate lending and problem asset workout. Mr. McDowell holds a Masters Degree in Business Administration from the University of Texas at Austin, where he also earned his undergraduate degree. Mr. McDowell was also a licensed CPA in Texas from 1973 - 1993.

**Donald A. Miller, CFA**, has served as our Chief Executive Officer, President, and a member of our board of directors since February 2007. From 2003 to 2007, Mr. Miller was a Vice President of Wells Real Estate Funds and a Senior Vice President of Wells Capital, Inc. (Wells Capital). In such capacities, he was responsible for directing all aspects of the acquisitions, dispositions, property management, construction and leasing groups for Wells REF, Wells Capital and their affiliates in connection with these entities providing services to our company under advisory, asset management and property management agreements to which we were a party.

prior to April 16, 2007. Prior to joining Wells REF and Wells Capital, 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). Earlier in his career, Mr. Miller worked in the pension investment management department of Delta Air Lines and was responsible for real estate and international equity investment programs. Mr. Miller is a Chartered Financial Analyst. He received a B.A. from Furman University in Greenville, South Carolina. He 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).

**Donald S. Moss** has served as an independent director of our company since 1998. He was employed by Avon Products, Inc. (NYSE: AVP), a publicly traded global beauty company listed on the NYSE, 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 served as a trustee of the Wells Family of Real Estate Funds, a REIT-index mutual fund, from 1998 until 2008 and 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 was also a member of the board of directors of Avon Canada, Avon Japan, Avon Thailand, and Avon Malaysia from 1980 to 1983. Mr. Moss is a former director of The Atlanta Athletic Club. He was the National Treasurer and a director of the Girls Clubs of America from 1973 to 1976. Mr. Moss attended the University of Illinois where he majored in business.

**Jeffrey L. Swope** joined our board of directors on October 14, 2008. Mr. Swope has handled the acquisition, financing, leasing and asset management of over 50 million square feet of office, industrial, and retail space with an aggregate value exceeding \$3.0 billion during his 35 year career in the commercial real estate industry. He began his career at Trammell Crow Company in 1973 and became a partner in the firm in 1977. In 1980, he became one of the co-founders of Centre Development Co., Inc., serving as Partner in charge of industrial and land development. In 1991, Mr. Swope formed Champion Partners Ltd. where, as Managing Partner and Chief Executive Officer, he has lead the firm to its current status as a nationwide developer and investor of office, industrial and retail properties. His professional accomplishments have included being the Founding Chairman of the Real Estate Council, President of the North Texas Chapter of the National Association of Industrial and Office Properties, Founding Chairman of the Real Estate and Finance Center at the University of Texas at Austin, and Trustee of the Urban Land Institute. Mr. Swope has been recognized as a Hall of Fame Member of the Dallas Board of Realtors. He 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. Mr. Swope graduated with both a Bachelors and a Masters degree in Business Administration from the University of Texas.

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

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

<b>Name</b>	<b>Age</b>	<b>Position(s)</b>
Donald A. Miller, CFA	47	Chief Executive Officer, President and Director
Robert E. Bowers	52	Chief Financial Officer, Executive Vice President, Secretary, and Treasurer
Laura P. Moon	38	Senior Vice President and Chief Accounting Officer
Raymond L. Owens	51	Executive Vice President Capital Markets
Carroll A. Reddic, IV	43	Executive Vice President Real Estate Operations

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 24-year 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. Prior to joining Wells REF and Wells Capital in 2004, Mr. Bowers served as a business financial consultant, and 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 previously 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. Mr. Bowers earned a Bachelor of Science in Accounting from Auburn University, where he graduated summa cum laude. He is a Certified Public Accountant and serves on the boards of several Atlanta-area non-profit organizations and on the Auburn University Business School Advisory Board.

**Laura P. Moon** has served as our Senior Vice President and Chief Accounting Officer since April 2007. In this role she is responsible for all general ledger accounting, financial and tax reporting, forecasting, and treasury functions. Prior to joining us, Ms. Moon had been Vice President and Chief Accounting Officer at Wells REF 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., which provides technology, software, information and marketing services to help manage economic and physical risks. Ms. Moon was responsible for budgeting and forecasting for ChoicePoint as well as valuation and structuring for all of ChoicePoint's acquisitions. In addition, she supported certain Investor Relations activities. From 1999 to 2002, Ms. Moon served as Chief Accounting Officer of NetBank, Inc. and Chief Financial Officer of NetBank, FSB where she was responsible for the day-to-day management of all financial and tax matters. From 1991 until 1999, Ms. Moon was employed by Deloitte & Touche LLP as a senior manager in the audit and attest division, where she specialized in mergers & acquisitions in addition to serving clients in the banking sector. Ms. Moon is a Certified Public Accountant. She earned a Bachelor of Business Administration in Accounting from the University of Georgia.

**Raymond L. Owens** has served as our Executive Vice President Capital Markets since April 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 REF, where he oversaw its western regional acquisition team and its real estate finance team. He was responsible for directing the negotiation and acquisition of properties in the western United States and managed all property financing activity for our former advisor across the United States. Mr. Owens has more than 26 years of experience in

acquisitions, asset management, investment management, finance, and business development. Mr. Owens served as Senior Vice President for PM Realty Group, a national, full-service commercial real estate firm, 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. He also held leadership positions at Aetna Realty Investors from 1982 to 1991, Travelers Realty Investment Company from 1991 to 1994, and HPI Realty Partners/The Koll Company from 1994 to 1995. 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). He earned a Bachelor of Arts in Economics and a Master's of Business Administration in Marketing, with a concentration in real estate, from the University of Michigan.

**Carroll A. (Bo) Reddic, IV** has served as our Executive Vice President for Real Estate Operations since April 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 REF, where he was responsible for supervising the firm's asset management function in its Midwest and South regions. Additionally, he served in a deputy department head capacity of the Asset Management Department. From September 30, 2005 to April 15, 2007, Mr. Reddic served on the board of directors and was the membership chairman for Wells REF's political action committee, Wells PAC. Mr. Reddic has 20 years of institutional real estate experience. Prior to joining Wells REF in January 2005, Mr. Reddic was an Executive Director with Morgan Stanley (including the predecessor companies of The Yarmouth Group and Lend Lease Real Estate Investments) from February 1990 to December 2004, where he served as portfolio manager for domestic commingled investment funds and international separate account portfolios. Prior to his portfolio manager responsibilities, he was a member of the Atlanta satellite office, specializing in acquisitions, asset management, and dispositions. Prior to joining The Yarmouth Group, Mr. Reddic was employed at Laventhol & Horwath, an accounting firm, in its real estate consulting and appraisal division. Mr. Reddic received a Bachelor of Science degree in Industrial Management and a Certificate in Industrial Psychology, with honors, from the Georgia Institute of Technology and a Master of City Planning degree from the Georgia Institute of Technology. He is a member of the National Association of Industrial & Office Properties (NAIOP), the Urban Land Institute (ULI) and the American Planning Association (APA). Additionally, Mr. Reddic is a Trustee of NAIOP-PAC and a member of the Advisory Board for the City and Regional Planning Program at Georgia Tech.

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



**INFORMATION REGARDING THE BOARD OF DIRECTORS AND 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. Although our shares are not currently listed for trading on a national securities exchange, our board of directors has elected to have the composition of 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.  Donald S. Moss Wesley E. Cantrell
Compensation Committee	Donald S. Moss	Frank C. McDowell  Jeffrey L. Swope Michael R. Buchanan
Nominating & Corporate Governance Committee	Wesley E. Cantrell	William H. Keogler, Jr. Frank C. McDowell
Capital Committee	Michael R. Buchanan	Jeffrey L. Swope  W. Wayne Woody

\* Audit committee financial expert.

**The Audit Committee**

Our board of directors has established a standing, separately designated audit committee comprised of Messrs. Woody, 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 of 2002, the Exchange Act, and applicable rules and regulations of the SEC, all as in effect from time to time. 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 qualification, independence and performance of our independent auditors; and (4) the performance of our internal audit function;

assisting our board of directors in fulfilling its oversight responsibilities by reviewing the financial information to be provided to the stockholders and others, the system of internal control over financial reporting which our management has established, and our audit and financial reporting process;

maintaining a free and open means of communication among our independent auditors, accountants, financial and senior 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; and

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

During 2008, 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 and, while our shares are not currently listed for trading on any national securities exchange, such independent directors 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, adopted on August 6, 2007, a copy of which is available on our website at [www.piedmontreit.com](http://www.piedmontreit.com), its primary responsibilities include:

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;

making recommendations to our board with respect to the compensation of other executive officers, and incentive-compensation and equity-based plans and awards to our executive officers and other employees;

administering our 2007 Omnibus Incentive Plan;

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

providing for the inclusion in our Proxy Statement of a description of the processes and procedures for the consideration and determination of executive and director compensation; 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 eight times during 2008.

### **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

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independent directors and, while our shares are not currently listed for trading on any national securities exchange, such independent directors 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;

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 2008, the Nominating and Corporate Governance Committee held six meetings.

#### ***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 and the ability of the candidate to attend board meetings regularly and to devote an appropriate amount of effort in preparation for those meetings. The term "independence" means that the candidate meets the definition of "independent director" contained in Piedmont's charter 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. Moreover, as required by Section 2.2 of Piedmont's charter, all directors must have at least three years of relevant experience demonstrating the knowledge and experience required to successfully acquire and manage the type of assets we acquire and manage, and at least one of our independent directors must have at least three years of relevant real estate experience.

#### ***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. Jeffrey L. Swope, who joined the board of directors in October 2008, was recommended by our financial advisors and an existing director. 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 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.

#### **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.

#### **Other Board Matters**

Our board of directors met eleven times during 2008, 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 2008.

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 2009 annual meeting of stockholders. In 2008, all of the members of our board of directors 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.

#### **Director Independence**

A majority of the members of our board of directors, and all of the members of the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, and the Capital Committee are independent as such term is defined by the NYSE and as affirmatively determined by our board of directors.

Pursuant to our corporate governance guidelines and the NYSE's listing standards, for a director to be deemed independent, in addition to satisfying certain bright-line criteria, the board of directors must affirmatively determine that a director has no material relationship with us (either directly or as a partner, stockholder or officer of an organization that has a relationship with us). After broadly considering all relevant facts and circumstances, the board of directors has affirmatively determined that Messrs. Buchanan, Cantrell, Keogler, McDowell, Moss, Swope, and Woody satisfy the bright-line criteria and that none has a relationship (material or otherwise) with us that would interfere with such person's ability to exercise independent judgment as a member of the board. None of these directors has ever served as (or is related to) an employee of our company or any of our predecessors or acquired companies, or received any compensation from us or any such other entities except for compensation directly related to service as a director. Therefore, our board of directors affirmatively determined that Messrs. Buchanan, Cantrell, Keogler, McDowell, Moss, Swope, and Woody are independent as such term is defined by the NYSE.

#### **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 advisors, director compensation, management succession 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. 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).



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## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

#### *Executive Summary*

Despite a challenging economic environment, particularly during the last six months of 2008, Piedmont increased its income from continuing operations by approximately \$19 million, or \$0.04 per share on a fully diluted basis, which equates to 4% growth in Funds From Operations ( FFO ) as compared with fiscal 2007. These results exceeded the performance of most companies in our peer group, many of whom reported decreases in their income from continuing operations or increased losses from continuing operations based on a year to year comparison of their continuing operations. In addition, these results exceeded the targets of many of the metrics on both our short and long- term incentive compensation plans during 2008. As 80% of our executive s annual short-term incentive opportunity was tied to specific corporate performance objectives, we paid out 105% of target based on these results. In addition, we made discretionary awards of restricted stock during 2007 based on each officer s salary level, experience, and performance during the period from April 16, 2007 to December 31 2007 as well as the recommendations from our compensation consultant regarding comparability with awards to officers of our peer group of office REITs. During 2008 we also adopted a more formal long-term incentive compensation plan where future equity-based awards will be based on pre-established corporate performance metrics. 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 the other three 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 the independence requirements of the NYSE, and currently includes Donald S. Moss (Chairman), Wesley E. Cantrell, Frank C. McDowell, and Jeffrey L. Swope.

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.

*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*

The compensation committee utilizes the services of a compensation consultant employed by 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 has not been engaged by management or any of our executive officers to perform any work on behalf of management collectively or the executive officers individually during 2008. The compensation committee considers our compensation consultant to be independent.

During 2008, our compensation consultant met with both management and the compensation committee jointly as well as individually and provided advice and recommendations regarding the establishment of our Short and Long Term Incentive Compensation Plans for our employees as well as 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 as well as our employee base as a whole. The compensation consultant attends compensation committee meetings as appropriate and consults with our compensation committee Chairman, our Senior Director of Human Resources as well as our Chief Executive Officer and senior management team on compensation related issues.

We anticipate that our compensation consultant will have a similar role in 2009.

*Peer Data*

During 2008 our compensation consultant provided competitive market compensation data from two market sources: (a) proxy statements and Form 4 filings from a peer group of 14 publicly-traded REITs; and (b) the National Association of Real Estate Investment Trusts 2008 Compensation Survey (a published survey of REIT executive compensation practices). The peer group mentioned in source (a) above consisted of 11 public REITs



with a substantial office portfolio recommended by our compensation consultant. The peer group consisted of the following companies:

Brandywine Realty Trust  
Corporate Office Properties Trust  
Cousins Properties Incorporated  
Douglas Emmett, Inc.  
Duke Realty Corporation  
Highwoods Properties, Inc.

Kilroy Realty Corporation  
Lexington Corporate Properties Trust  
Mack-Cali Realty Corporation  
Maguire Properties, Inc.  
SL Green Realty Corp

In addition, the compensation committee also supplementally reviewed compensation information of three other companies with significant office portfolios; however, the compensation committee deferred making any change to the peer group until 2009 as the data did not significantly change the overall findings. As such, the companies in the peer group listed above are consistent with the 2007 peer group.

The data extracted from the NAREIT survey referred to in source (b) above included data from the aggregate REIT group, the office REIT group, and REITs with a market capitalization between three and six billion.

In general, the peer group data serves as the primary market data point for our Chief Executive Officer and Chief Financial Officer's compensation (with the published survey providing supplemental data) and the published survey data serves as the primary market data point for our two Executive Vice Presidents and Chief Accounting Officer because their specific positions are generally not included in the peer group's population of named executive officers.

Our compensation committee considers peer data as one factor in making decisions about our named executive officers' compensation. 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. In general it is our objective to target our named executive officers total direct compensation, which we define as base salary, short-term cash incentive compensation and long-term equity compensation, to the median of the competitive market. On average across the group of our named executive officers, our total direct compensation was deemed to approximate the market median of both the peer group (if available) and the published survey, although the competitiveness varies by position. However, our compensation committee also noted that our aggregate executive compensation for our named executive officers is in the bottom quartile relative to our peers when compared with the aggregate total compensation of our peers five most highly compensated employees.

#### *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 named 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 named 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 remained unchanged during 2008. Base salaries and target short-term cash incentive compensation (expressed as a percentage of their base salary) for the named executive officers for 2008 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 Officer's employment agreement was effective February 2, 2007 and the other named executive officer employment agreements were effective April 16, 2007. The initial employment period will end on December 31, 2009, unless terminated earlier in accordance with the respective agreement's termination provisions. Each agreement automatically extends for successive one-year periods, unless we or the employee gives 90 days written notice prior to the end of the initial term or any 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 insurance 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 2008 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 2008.

*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 2008, our named executive officers received annual merit increases averaging 3.9%, consistent with the merit increases awarded to our broader employee base. The increases were awarded after considering the recommendations of our Chief Executive Officer with regard to each executive's performance during the period from April 16, 2007 to December 31, 2007 and were approved by the compensation committee.

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 2008.

*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. During 2008, our compensation committee approved a Short-Term Incentive Compensation Plan (the "STIC Plan") which allows the actual bonuses under these employment agreements to be increased or decreased based on performance against pre-established performance objectives. Under the STIC Plan, there are four measures considered. Three of the measures are based on specific corporate metrics measured on a quantitative basis and the fourth measure, Board Discretion is considered on a qualitative basis. The following table sets forth the actual performance as compared to the minimum, target, and maximum goals for the three quantitative performance metrics and the weighting assigned to each measure for the 2008 STIC Plan:

Measure	Minimum	Goal Target	Maximum	Actual Performance	Weight
Adjusted Net Income Target	\$252.5	\$280.6	\$308.7 <sup>(1)</sup>	\$285.6	x 30%
Absolute FFO Growth	(3.0%)	2%	7% <sup>(1)</sup>	3.95%	x 25%
Weighted Average Committed Capital Per Sq. Foot	\$ 3.62	\$ 3.29	\$ 2.96 <sup>(1)</sup>	\$3.444	x 25%
Board Discretion	Qualitative	Qualitative	Qualitative	Qualitative	x 20%

Total	100%
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(1) In the case of our Chief Executive Officer, the Maximum goal would be:

\$322.7 million for the Adjusted Net Income metric;

7.5% for the Absolute FFO Growth metric; and

\$2.80 for the Weighted Average Committed Capital Per Sq. Foot metric.

Adjusted Net Income ( ANI ) Target 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.

Absolute FFO growth is considered important because a company's ability to grow FFO from year to year often dictates the multiple that will be assigned to our company when an equity analyst values our company's securities.

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 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. This component was particularly important in the inaugural year of the STIC Plan as the committee did not have a history of performance with regard to some of the particular metrics outlined above.

In general, the compensation committee established targets for the above metrics that were considered achievable, but not without above average performance. In particular, the committee noted that targets expressed in terms of percentage (most notably FFO growth) are more difficult to achieve when starting with Piedmont's sizable base than they are for smaller companies and given the long-term nature of our leases it is difficult to significantly impact the operations of Piedmont during a twelve month period.

In February 2009, company and individual performance for the 2008 service period was assessed in accordance with the terms of the STIC Plan by the compensation committee and awards to each of the named executive officers were made as follows:

Name	2008 Target Bonus (\$)	2008 Actual Bonus (\$)
Mr. Miller	624,000	682,648
Mr. Bowers	328,000	334,228
Ms. Moon	104,500	106,484
Mr. Owens	164,500	167,623
Mr. Reddic	166,250	169,407

The Committee determined each executive's actual award set forth above based upon the three performance metrics under the STIC Plan (Adjusted Net Income, Absolute FFO Growth and Weighted Average Committed Capital Per Sq. Foot) and based upon the target amount for the Board Discretion component, which target amount the Committee determined was appropriate for each of the executives other than the CEO after considering their performance reviews by the CEO and the Committee's assessment of their individual contributions to Piedmont during 2008. In the case of our CEO, the committee increased the Board Discretion Component above the target amount by \$46,800 (which amount was 50% of the difference between the maximum amount and the target amount for this component of the CEO's bonus) based on the Committee's



subjective assessment of the CEO's overall individual performance and his qualitative contributions to Piedmont during 2008, including his leadership of our company during challenging economic times.

*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 as well as to remain with the company for an extended period of time.

*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, and employees, non-employee directors, or 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 2007 Omnibus Incentive Plan at the discretion of our compensation committee.

As a REIT, we believe 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, our stock is not currently 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 2008 for the 2007 Service Period.* On April 21, 2008 we granted equity awards for the service period from April 16, 2007 to December 31, 2007 in conjunction with performance assessments for 2007. Awards were in the form of restricted stock and were granted in accordance with the terms of the 2007 Omnibus Incentive Plan described above; however as we had not yet formalized, and the compensation committee had not yet approved, the LTIC Plan, the awards for the 2007 performance period that were granted in 2008 were discretionary in nature taking into consideration each officer's salary level, experience, and performance during the period from April 16, 2007 to December 31, 2007 as well as the recommendations from our compensation consultant regarding comparability with awards to officers of our peer group of office REITs see Peer Data above. In making these awards our compensation committee generally targeted the median of the peer group for the group of officers as a whole. Of the awards granted, 25% vests immediately, while the remaining 75% vests annually 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 2008, see Grants of Plan Based Awards below.

*Grants for 2008 Service.* During 2008 our compensation committee approved the LTIC Plan which provides an opportunity for our employees, including our named executive officers, to earn equity-based compensation based on performance against stated measures. The LTIC Plan for 2008 provides for the following five performance measures 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	\$252.5	\$280.6	\$308.7	x 20%
Annual Comparison to NCREIF Office sub-index	Underperform Target by five percentage points	Match the return of the sub- index	Outperform Target by five percentage points	x 20%
Return on Invested Capital	5.10%	7.6%	10.10%	x 20%
Performance Against Stated Liquidity Objectives	Qualitative	Qualitative	Qualitative	x 20%
Board Discretion	Qualitative	Qualitative	Qualitative	x 20%
Total				100%

Adjusted Net Income ( ANI ) Target 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 NCREIF Office sub-index is important because it compares our company s annual income as well as appreciation of our underlying assets to that of the broader office market.

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.

Our Performance Against Stated Liquidity Objectives included specific goals that the Board of Directors deemed important to Piedmont s overall short and long-term liquidity objectives that did not lend themselves to quantitative measurement.

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. This component was particularly important in the inaugural year of the STIC Plan as the committee did not have a history of performance with regard to some of the particular metrics outlined above.

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 the Adjusted Net Income Target 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.

As set forth in the Grants of Plan Based Awards table below, our compensation committee has established a target pool of shares of restricted stock for each of our named executive officers under the LTIC Plan. The target pool was determined 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 target pools may be increased or decreased based on actual performance against the performance measures included in the LTIC Plan based on pre-established increments for each measure. Each measure other than the Performance Against Stated Liquidity Objectives (which will be assessed qualitatively by the Board) and the Board Discretion measure also contains a pre-established maximum increase and decrease.

Upon completion of the 2008 external audit of our financial statements and the determination of our annual net asset value of our shares by our Board of Directors, the actual overall pool of shares available to be awarded for 2008 performance 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. 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.

*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).

**2008 Executive Compensation Tables**

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

**SUMMARY COMPENSATION TABLE FOR 2008**

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Stock Awards (\$)<sup>(3)</sup></b>	<b>Non-Equity Incentive Plan Compensation (\$)<sup>(2)</sup></b>	<b>All Other Compensation (\$)<sup>(4)</sup></b>	<b>Total (\$)</b>
Donald A. Miller, CFA	2008	624,000		965,427	682,648	27,032	2,278,906
Chief Executive Officer and President	2007 <sup>(1)</sup>	565,385	565,000	531,307		9,717	1,671,409
Robert E. Bowers	2008	410,000		399,498	334,228	23,481	1,167,207
Chief Financial Officer, Executive Vice President, Treasurer and Secretary	2007 <sup>(1)</sup>	275,385	228,000	311,009		7,406	821,800
Laura P. Moon	2008	209,000		146,566	106,484	10,944	474,371
Senior Vice President and Chief Accounting Officer	2007 <sup>(1)</sup>	138,395	86,000	129,587		6,255	360,237
Raymond L. Owens	2008	235,000		280,306	167,623	23,456	719,462
Executive Vice President Capital Markets	2007 <sup>(1)</sup>	154,904	112,000	362,844		11,385	641,133
Carroll A. Reddic, IV	2008	237,500		167,370	169,407	14,630	588,810
Executive Vice President Real Estate Operations	2007 <sup>(1)</sup>	154,904	112,000	129,587		5,915	402,406

<sup>(1)</sup> 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).

<sup>(2)</sup> Represents payments made in February 2009 under our STIC Plan for the service year ended December 31, 2008.

<sup>(3)</sup> Represents the cost recognized for financial statement reporting purposes during the year ended 2008 in accordance with Statement of Financial Accounting Standards No. 123(R), *Share-Based Payment* ( FAS 123(R) ) for restricted stock awards made during or prior to 2008. Pursuant to SEC rules the values are not reduced by an estimate for the probability of forfeiture. As our stock is not currently traded, we estimated the fair value of the awards on the date of grant based on an assumed share price equal to the most recent (as of the grant date) calculated net asset value of our stock 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. The grant date fair value of the restricted stock awards granted during 2008 for the service period April 16, 2007 to December 31, 2007 can be found in the Grants of Plan-Based Awards Table below.

(4) All other compensation for 2008 was comprised of the following:

Name and Principal Position	Year	Matching Contributions to 401(k) (\$)	Premium for Company Paid Life Insurance (\$)	Dividends Paid on Outstanding Vested Restricted Stock Awards (\$)	Total Other Compensation (\$)
Donald A. Miller, CFA	2008	15,500	254	11,278	27,032
Robert E. Bowers	2008	16,625	254	6,602	23,481
Laura P. Moon	2008	7,939	254	2,751	10,944
Raymond L. Owens	2008	15,500	254	7,702	23,456
Carroll A. Reddic, IV	2008	11,625	254	2,751	14,630

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 became eligible to earn for fiscal 2008 upon establishment of the STIC and LTIC Plans. In addition, effective April 21, 2008, pursuant to our 2007 Omnibus Incentive Plan and the authorization of the compensation committee, we granted approximately 451,782 shares of deferred stock awards to our employees, including our named executive officers as set forth in the table below. Of the award, 25% vests immediately, while the remaining 75% vests annually over the next three years on the grant anniversary date. We estimated the fair value of the awards on the date of grant based on an assumed share price of \$8.70 per share 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. See *Grants in 2008 for the 2007 Service Period* above for a complete description of how these awards were determined.

### GRANTS OF PLAN-BASED AWARDS FOR 2008

	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:	
		Threshold	Target	Maximum	Threshold <sup>(3)</sup>	Target	Maximum <sup>(3)</sup>	Number of Shares of Stock	Grant Date Fair Value of Stock Awards
Donald A. Miller, CFA	April 21, 2008	\$ 312,000	\$ 624,000	\$ 1,092,000	\$ 175,000	\$ 1,750,000	\$ 1,925,000	143,448	\$ 1,125,536
Robert E. Bowers	April 21, 2008	\$ 164,000	\$ 328,000	\$ 492,000	\$ 70,000	\$ 700,000	\$ 770,000	49,195	\$ 386,001
Laura P. Moon	April 21, 2008	\$ 52,250	\$ 104,500	\$ 156,750	\$ 20,000	\$ 200,000	\$ 220,000	16,322	\$ 128,066
Raymond L. Owens	April 21, 2008	\$ 82,250	\$ 164,500	\$ 246,750	\$ 25,000	\$ 250,000	\$ 275,000	18,391	\$ 144,300

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Carroll A. Reddic, IV	\$ 83,125	\$ 166,250	\$ 249,375	\$ 25,000	\$ 250,000	\$ 275,000
April 21,						
2008						20,690 \$ 162,337

- (1) Represents cash payout opportunity for 2008 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 LTIC Plan. Any amounts earned will be granted in the form of restricted stock in 2009.
- (3) Threshold and Maximum amounts presented do not include any possible future payouts under the LTIC Plan for the two components which must be assessed qualitatively as no range has been established for those components.

*Outstanding Equity Awards at Fiscal Year-End*

The following table provides information regarding unvested stock awards to our named executive officers as of December 31, 2008. 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 2008**

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>
Donald A. Miller, CFA:		
May 18, 2007 award	51,250	379,250
April 21, 2008 award	107,586	796,136
Robert E. Bowers		
May 18, 2007 award	30,000	222,000
April 21, 2008 award	36,897	273,038
Laura P. Moon		
May 18, 2007 award	12,500	92,500
April 21, 2008 award	12,240	90,576
Raymond L. Owens		
May 18, 2007 award	35,000	259,000
April 21, 2008 award	13,794	102,076
Carroll A. Reddic, IV		
May 18, 2007 award	12,500	92,500
April 21, 2008 award	15,516	114,818

- (1) As our common stock is currently not traded, no market value of our stock is available as of fiscal year end 2008. As such, we estimated the market value of shares of stock that have not vested based on an assumed share price equal to our calculated net asset value as of December 31, 2008 of \$7.40 per share.

*Stock Vested*

The following table provides information regarding vested stock awards to our named executive officers during the year ended December 31, 2008. No options to purchase shares of our common stock have ever been awarded or granted to our named executive officers.

**STOCKS VESTED FOR 2008**

Name	Stock Awards	
	Number of Shares Acquired On Vesting (#)	Value Realized on Vesting (\$) <sup>(1)</sup>
Donald A. Miller, CFA	61,487	534,937
Robert E. Bowers	27,299	237,501
Laura P. Moon	10,330	89,871
Raymond L. Owens	22,098	192,253
Carroll A. Reddic, IV	11,422	99,371

<sup>(1)</sup> As our common stock is currently not traded, 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 our most recent (at the time of vesting) calculated net asset value of \$8.70 per share.

**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



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 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) or our failure to adopt performance criteria reasonably acceptable to the executive with respect to fiscal year 2008;

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

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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:

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.

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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:

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>	3,991,812	3,991,812	3,959,747	3,959,747
Robert E. Bowers <sup>(3)</sup>	2,051,048	2,051,048	2,018,983	2,018,983
Laura P. Moon <sup>(4)</sup>	546,128	546,128	546,128	546,128
Raymond L. Owens <sup>(5)</sup>	800,050	800,050	800,050	800,050
Carroll A. Reddic, IV <sup>(6)</sup>	649,781	649,781	649,781	649,781

<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 and b) the 2008 bonus which was paid in February 20, 2009 for the calendar 2008 service period.

<sup>(2)</sup> Includes \$1,175,386 representing the value of unvested equity awards that would vest upon each triggering event.

<sup>(3)</sup> Includes \$495,038 representing the value of unvested equity awards that would vest upon each triggering event.

<sup>(4)</sup> Includes \$183,076 representing the value of unvested equity awards that would vest upon each triggering event.

<sup>(5)</sup> Includes \$361,076 representing the value of unvested equity awards that would vest upon each triggering event.

<sup>(6)</sup> Includes \$207,318 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.

*Annual Independent Director Equity Awards*

On June 13, 2008, the board of directors approved an annual equity award pursuant to the 2007 Omnibus Incentive Plan for each of the independent directors of \$50,000 payable in the form of 5,747 shares of our common stock with an estimated value of \$8.70 per share for the 2008 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. Also on June 13, 2008, approximately 15,000 shares which had been deferred in 2007 were issued to Messrs. Cantrell, Moss, and Woody. Mr. McDowell and Mr. Swope received their inaugural award of \$50,000 payable in the form of 5,747 shares of restricted stock upon their appointments to the board of directors on June 26, 2008 and October 14, 2008, respectively.

The following table sets forth information regarding the compensation that we paid to our directors during the year ended December 31, 2008. Mr. Miller did not receive any separate compensation for his service as director in 2008.

**DIRECTOR COMPENSATION FOR 2008**

<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	86,250	50,000		136,250
Wesley E. Cantrell	87,750	100,000 <sup>(2)</sup>	734 <sup>(3)</sup>	188,484
William H. Keogler, Jr.	83,250	50,000		133,250
Frank C. McDowell	37,000	50,000		87,000
Donald S. Moss	92,250	100,000 <sup>(2)</sup>	734 <sup>(3)</sup>	192,984
Jeffrey L. Swope	17,750	50,000		67,750
W. Wayne Woody	156,583	100,000 <sup>(2)</sup>	734 <sup>(3)</sup>	257,317

<sup>(1)</sup> Amount represents the expense recognized for financial statement reporting purposes in 2008, in accordance with FAS 123R based on the estimated fair value as of the date of grant. As our common stock is currently not traded, 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 \$8.70 per share.

<sup>(2)</sup> Includes \$50,000 of restricted stock issued on June 13, 2008 pursuant to deferred stock awards granted in 2007.

<sup>(3)</sup> Represents dividend equivalent rights expensed during the first quarter 2008 pursuant to certain deferred stock awards which Messrs. Cantrell, Moss and Woody were awarded in 2007. The shares related to the 2007 deferred stock awards were actually issued on June 13, 2008 and the value of the shares is included in the Stock Awards expense presented in this table.



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. As such the below table summarizes outstanding director options and shares remaining for future issuance under the 2007 Omnibus Incentive Plan as of December 31, 2008:

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	31,000	\$ 12.00	13,451,323
Equity compensation plans not approved by security holders			
<b>Total</b>	<b>31,000</b>	<b>\$ 12.00</b>	<b>13,451,323</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 Proxy Statement.

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**

On February 2, 2007, we entered into an agreement (the Agreement ) with certain affiliates of our former advisor. Total consideration of approximately \$175 million, comprised entirely of 19,513,650 shares of our common stock was exchanged for, among other things, certain net assets of our former advisor, as well as the termination of our obligation to pay certain fees required pursuant to the terms of the in-place agreements with the advisor including, but not limited to, disposition fees, listing fees, and incentive fees. These transactions were completed on April 16, 2007. Donald A. Miller, CFA, our Chief Executive Officer and President and one of our directors, and Robert E. Bowers, our Chief Financial Officer, Executive Vice President, Secretary, and Treasurer both received a 1% economic interest in the \$175 million consideration due to their 1% ownership interest in the entity that we acquired. Accordingly, Mr. Miller and Mr. Bowers may be subject to certain conflicts of interest with regard to enforcing indemnification provisions contained in the Agreement. See Risks Related to Conflicts of Interest in Item 1A. of our 2008 Annual Report on Form 10-K for a complete description.

#### *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 nominating and corporate governance committee in conjunction with our audit committee reviews 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, the nominating and corporate governance committee in conjunction with the audit committee ensures 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.

**STOCK OWNERSHIP**

The following table sets forth certain information regarding the beneficial ownership of shares of our common stock as of June 30, 2009 by (1) each of our directors, (2) each of our named executive officers and (3) all of our directors and executive officers as a group. No one individual owns five percent or more of our common stock and none of the shares are subject to pledge. Unless otherwise indicated, all shares of common stock are owned directly and the indicated person has sole voting and investment power.

Name of Beneficial Owner <sup>(1)</sup>	Shares Beneficially Owned	Percentage
Michael R. Buchanan <sup>(2)</sup>	22,990	*
Wesley E. Cantrell	11,378	*
William H. Keogler, Jr. <sup>(3)</sup>	94,956	*
Frank C. McDowell	21,490	*
Donald S. Moss <sup>(3)</sup>	128,840	*
Jeffrey L. Swope	11,852	*
W. Wayne Woody <sup>(4)</sup>	21,990	*
Donald A. Miller, CFA	171,708	*
Robert E. Bowers	65,599	*
Laura P. Moon	29,095	*
Raymond L. Owens	53,745	*
Carroll A. Reddic	28,436	*
All officers and directors as a group	662,079	*

\* 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) Includes options to purchase up to 6,500 shares of common stock, which are exercisable within 60 days of June 30, 2009.

(3) Includes options to purchase up to 9,500 shares of common stock, which are exercisable within 60 days of June 30, 2009.

(4) Includes options to purchase up to 5,500 shares of common stock, which are exercisable within 60 days of June 30, 2009.

**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 2008.

**AUDIT COMMITTEE REPORT, INDEPENDENCE AND AUDIT FEES**

*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 2008. 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 AI, Section 380 as adopted by the Public Company Accounting Oversight Board in Rule 32007, 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, 2008 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, 2008 for filing with the Securities and Exchange Commission.

The Audit Committee

W. Wayne Woody (Chairman)

William H. Keogler, Jr.,

Donald S. Moss

**Engagement of Ernst & Young LLP**

On May 13, 2008, the Audit committee engaged Ernst & Young as our independent auditors to audit our financial statements for the year ended December 31, 2008. The Audit committee reserves the right, however, to select new auditors at any time in the future in its discretion if it deems such decision to be in the best interests of our company and its stockholders. Any such decision would be disclosed to the stockholders in accordance with applicable securities laws.

**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, 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 Principal Auditor**

The audit committee reviewed the audit and non-audit services performed by Ernst & Young, as well as the fees charged by Ernst & Young 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. The aggregate fees billed to us for professional accounting services provided by Ernst & Young, including the audits of our annual financial statements, for the years ended December 31, 2008 and 2007, respectively, are set forth in the table below.

	2008	2007
Audit Fees	\$ 638,935	\$ 774,620
Audit-Related Fees		363,721
Tax Fees	312,697	578,370
All Other Fees		
<b>Total</b>	<b>\$ 951,632</b>	<b>\$ 1,716,711</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.

**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. During 2007 such fees included a carve-out audit associated with the Internalization and comfort letter procedures associated with the registration of shares on Form S-11, and consultation concerning financial accounting and reporting standards.

**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, 2008, all services rendered by Ernst & Young were pre-approved by the audit committee in accordance with the policies and procedures described above.

#### ***Availability of Ernst & Young at Annual Meeting***

A representative of Ernst & Young 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.

### **PROPOSAL 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 MORE THAN 110,000 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 2010 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 June 17, 2010 and no later than July 17, 2010 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 2010 Annual Meeting must be received by March 24, 2010.

#### **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 Household. 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 Household 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 Household 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, 2009**

Please detach at perforation before mailing.

**PROXY CARD**

**PIEDMONT OFFICE REALTY TRUST, INC.**

**PROXY CARD**

**ANNUAL MEETING OF STOCKHOLDERS TO BE HELD SEPTEMBER 15, 2009**

**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, 2009, 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 . 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, including, but not limited to, the power and authority to adjourn the meeting to a date**



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not more than 120 days after the record date in the event that a quorum is not obtained by the September 15, 2009 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\_20487\_071409*

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

**Annual Meeting of Stockholders to Be Held on September 15, 2009.**

**The Proxy Statement for this meeting is available at: <https://www.proxy-direct.com/pie20487>**

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:  $\epsilon$**

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.

I PLAN TO ATTEND THE ANNUAL MEETING.  YES  NO

ADDRESS CHANGE:

**IMPORTANT**

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

PIE\_20487\_071409