

Piedmont Office Realty Trust, Inc.

Form DEF 14A

March 22, 2017

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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

CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

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

PIEDMONT OFFICE REALTY TRUST, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other than the 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:

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

(3)

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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March 22, 2017

Dear Stockholder:

Attached for your review is a notice of the 2017 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, the ratification of the appointment of our independent registered public accounting firm for fiscal 2017, the approval, on an advisory basis, of the compensation of our named executive officers, the approval, on an advisory basis, of the frequency of future advisory votes on executive compensation and the approval of our Amended and Restated 2007 Omnibus Incentive Plan. You will find more detail about these proposals in the attached documents. We ask that you review these documents thoroughly and submit your vote as soon as possible in advance of the annual meeting on May 18, 2017.

If you have any questions, please call your broker or financial advisor, or contact Piedmont Shareowner Services by calling 866-354-3485 or emailing investor.services@piedmontreit.com. To view our latest regulatory filings and updates, including Form 8-K filings, please visit our website at www.piedmontreit.com.

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

Sincerely,

/s/ DONALD A. MILLER, CFA

Donald A. Miller, CFA

Chief Executive Officer

Piedmont Office Realty Trust, Inc.

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PIEDMONT OFFICE REALTY TRUST, INC.

11695 Johns Creek Parkway, Suite 350

Johns Creek, Georgia 30097

Notice of Annual Meeting of Stockholders
and Proxy Statement

To Be Held May 18, 2017

Dear Stockholder:

On Thursday, May 18, 2017, Piedmont Office Realty Trust, Inc. (“Piedmont”), a Maryland corporation, will hold its 2017 Annual Meeting of Stockholders (the “Annual Meeting”) at the Metropolitan Club, 5895 Windward Parkway #100, Alpharetta, GA 30005. The meeting will begin at 11:00 a.m. Eastern daylight time.

The purpose of this Annual Meeting is to:

(i)

elect eight directors identified in the 2017 proxy statement to hold office for terms expiring at our 2018 annual meeting;

(ii)

ratify the appointment of Ernst & Young LLP as Piedmont’s independent registered public accounting firm for fiscal 2017;

(iii)

approve, on an advisory basis, the compensation of our named executive officers;

(iv)

approve, on an advisory basis, the frequency of future advisory votes on executive compensation;

(v)

approve our Amended and Restated 2007 Omnibus Incentive Plan; and

(vi)

transact any other business as may properly come before the meeting.

Your board of directors has selected March 9, 2017 as the record date for determining stockholders entitled to vote at the meeting.

On April 3, 2017, we will begin mailing our stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our proxy materials, including our 2017 proxy statement and our Annual Report to Stockholders for fiscal 2016, and how to vote online.

Whether or not you plan to attend the meeting, your vote is very important, and we encourage you to vote promptly. You may vote via a toll-free telephone number or over the Internet. If you received a paper copy of the proxy card by mail, you may sign, date, and mail the proxy card in the envelope provided. Instructions regarding all three methods offered for voting are contained in the proxy card or Notice of Internet Availability of Proxy Materials. If you execute a proxy but later decide to attend the meeting in person, or for any other reason desire to revoke your proxy, you may do so at any time before 11:59 p.m. Eastern daylight time on May 17, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ THOMAS A. MCKEAN

Thomas A. McKean

Associate General Counsel and Corporate Secretary

Atlanta, Georgia

March 22, 2017

Important Notice Regarding the Availability of Proxy Materials for the Stockholders Meeting to Be Held on May 18, 2017: Our 2017 proxy statement and our Annual Report to Stockholders for fiscal 2016 are available at

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PIEDMONT OFFICE REALTY TRUST, INC

PROXY STATEMENT

2017 ANNUAL MEETING OF STOCKHOLDERS

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2017 PROXY STATEMENT AT A GLANCE

The below summary highlights information contained elsewhere in this proxy statement. It is only a summary and does not contain all information that you should consider and you should read the proxy statement in its entirety before casting your vote.

Annual Meeting Logistics

Thursday, May 18, 2017, at 11:00 Eastern daylight time

The Metropolitan Club, 5895 Windward Parkway #100, Alpharetta, GA 30005

Record date is March 9, 2017

Meeting Agenda and Voting Recommendations

Proposal	Board Vote Recommendation	Page
I Elect eight directors nominated by the Board of Directors for one year terms	FOR ALL	9
II Ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm	FOR	12
III Approve, on an advisory basis, executive compensation	FOR	14
IV Approve, on an advisory basis, how often stockholders will be asked to vote on executive compensation	ANNUALLY	15
V Approve our Amended and Restated 2007 Omnibus Incentive Plan	FOR	16

Proposal I: Election of Directors

The Board is asking you to elect the eight nominees listed below for terms that expire at the 2018 annual meeting of stockholders. Our current Chairman, Michael R. Buchanan, is not standing for re-election because he is approaching his 15-year term limit. The size of the Board will be reduced to eight members upon his retirement at the Annual Meeting. The directors will be elected by a plurality vote; however, our Corporate Governance Guidelines require that each director will offer to resign if the director receives a greater number of votes “withheld” than votes “for” such election in an uncontested election of directors.

For complete information about the nominees, see “Proposal I” and “Information Regarding the Board of Directors”. Summarized information is as follows:

Name	Age	Occupation	Year First Became a Director	Independent	Board Committees
Kelly H. Barrett	52	Senior Vice President - Home Services, The Home Depot	2016	Yes	Audit Nominating and Governance
Wesley E. Cantrell	82	Former President, Chief Executive Officer and Chairman, Lanier Worldwide	2007	Yes	Nominating and Governance* Compensation

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Barbara B. Lang	73	Managing Principal and Chief Executive Officer of Lang Strategies, LLC	2015	Yes	Compensation; Nominating and Governance
Frank C. McDowell	68	Former President, Chief Executive Officer and Director of BRE Properties, Inc.	2008	Yes	Compensation* Nominating and Governance
Raymond G. Milnes, Jr.	65	Former Partner, KPMG LLP	2011	Yes	Audit* Capital
Donald A. Miller, CFA	54	President and Chief Executive Officer, Piedmont Office Realty Trust, Inc.	2007	No	
Jeffrey L. Swope	66	Managing Partner and Chief Executive Officer, Champion Partners Ltd.	2008	Yes	Capital* Compensation
Dale H. Taysom	68	Former Global Chief Operating Officer, Prudential Real Estate Investors	2015	Yes	Audit Capital

*
Denotes committee chair

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Proposal II: Ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm

The Board is asking you to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2017.

Proposal III: Approve, on an advisory basis, executive compensation

The Board of Directors is asking you to approve, on an advisory basis, the compensation of the Named Executive Officers, or NEOs, as disclosed in this proxy statement. We believe our compensation programs are designed to:

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

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

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

link incentive compensation levels with the creation of stockholder value;

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

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

Proposal IV: Approve, on an advisory basis, how often stockholders will be asked to vote on executive compensation

The board of directors recommends that future advisory votes on executive compensation should be held annually.

Proposal V: Approve our Amended and Restated 2007 Omnibus Incentive Plan

The Board of Directors is asking you to approve the Piedmont Office Realty Trust, Inc. Amended and Restated 2007 Omnibus Incentive Plan (the "A&R Incentive Plan") which will replace the Piedmont Office Realty Trust, Inc. 2007 Omnibus Incentive Plan (the "2007 Omnibus Incentive Plan") that was approved by stockholders April 11, 2007. The Board of Directors approved the A&R Incentive Plan on March 20, 2017 in order to (i) increase the number of shares of common stock available for issuance from 4,666,667 to 5,666,667, (ii) extend the expiration date for ten years following the expiration of our existing 2007 Omnibus Incentive Plan, and (iii) make certain other amendments to the 2007 Omnibus Incentive Plan. For a full description of the A&R Incentive Plan, see page 16.

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Compensation and Governance Practices:

What We Do

DO require stockholder approval in the event a staggered Board is ever proposed

DO have a board comprised of a super-majority of independent directors. Eight of our nine directors currently serving are independent in accordance with New York Stock Exchange (“NYSE”) listing standards and our Corporate Governance Guidelines.

DO have a separate Chairman and Chief Executive Officer.

DO maintain a majority voting policy requiring that, in any uncontested election, as a condition to nomination, each director irrevocably agrees to offer to resign if the director receives a greater number of votes “withheld” than votes “for” such election.

DO restrict board terms to 15 years

DO require an annual performance evaluation of our Board

DO align pay and performance by linking a majority of total compensation to the achievement of a balanced mix of Company and individual performance criteria tied to operational and strategic objectives established at the beginning of the performance period by the Compensation Committee and the Board.

DO deliver a substantial portion of the value of equity awards in performance shares. For 2016, 50% of our executive officers equity award opportunity was tied to our Company’s total stockholder return relative to our peer group.

DO maintain stock ownership guidelines for directors and executive officers

DO maintain a clawback policy for our CEO, CFO and CAO

What We Don’t Do

NO staggered Board

NO compensation or incentives that encourage risks reasonably likely to have a material adverse effect on the Company

NO tax gross ups for any executive officers

NO re-pricing or buyouts of underwater stock options

NO reportable transactions with any of our directors or executive officers

NO hedging or pledging transactions involving our securities

NO guaranteed cash incentive compensation or equity grants with executive officers

NO long-term employment contracts with executive officers

NO supplemental executive benefits to our NEOs

DO conduct annual assessments of compensation at risk

DO have an Compensation Committee comprised solely of independent directors

DO retain an independent compensation consultant that reports directly to the Compensation Committee and performs no other services for management

DO cap incentive compensation. Incentive awards include minimum and maximum performance thresholds with funding that is based on actual results measured against the preapproved goals that are clearly defined. Further, our Compensation Committee ultimately reserves the right to decrease payouts in their discretion.

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Focus on Performance-Based Pay

80% of our NEOs' payout opportunity under our 2016 short-term cash incentive compensation program was tied to specific quantitative performance metrics derived from critical components of our 2016 annual business plan.

100% of our NEOs' payout opportunity under our long-term performance equity award incentive compensation program was tied to our total stockholder return over a three-year performance period relative to a pre-determined peer group.

75% of our NEOs' target opportunity for restricted equity awards is tied to quantitative performance metrics derived from critical components of our 2016 annual business plan.

The majority of the total compensation during 2016 for our chief executive officer and other named executive officers was performance-based and at risk:

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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 VERY IMPORTANT. Your vote is needed to ensure that the proposals can be acted upon. Your immediate response will help avoid potential delays and may save us significant additional expenses associated with soliciting stockholder votes.

Q:

Why am I receiving 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 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 vote in advance of the Annual Meeting just in case your plans change.

Q:

Why did I receive a Notice of Internet Availability of Proxy Materials in the mail instead of a printed set of proxy materials?

A:

Pursuant to rules adopted by the Securities and Exchange Commission (the “SEC”), we are permitted to furnish our proxy materials over the Internet to our stockholders by delivering a notice in the mail. If you received a notice by mail, you will not receive a printed copy of the proxy materials in the mail. Instead, the notice instructs you on how to access and review the proxy statement and annual report over the Internet at www.envisionreports.com/PDM. The notice also instructs you on how you may vote. If you received a notice by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting these materials contained on the notice.

Q:

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

A:

The Annual Meeting will be held on Thursday, May 18, 2017, at 11:00 a.m. (Eastern daylight time) at the Metropolitan Club, 5895 Windward Parkway #100, Alpharetta, GA 30005.

Q:

What is the record date?

A:

The record date is March 9, 2017. Only holders of record of common stock as of the close of business on the record 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 145,319,847 shares of our common stock issued and outstanding. Every stockholder is entitled to one vote for each share of common stock held.

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:
What items am I being asked to vote on at the Annual Meeting?

A:
You are being asked to:

(i)
elect eight directors identified in this proxy statement to hold office for terms expiring at our 2018 annual meeting;

(ii)
ratify the appointment of Ernst & Young LLP as Piedmont's independent registered public accounting firm for fiscal 2017;

(iii)
approve, on an advisory basis, the compensation of the named executive officers as disclosed in this proxy statement;

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(iv)
approve, on an advisory basis, the frequency of future advisory votes on executive compensation; and

(v)
approve our Amended and Restated 2007 Omnibus Incentive Plan.

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

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

A:
If you are a registered stockholder, meaning that your shares are registered in your name, you have four voting options as described below:

You may vote by using the Internet. The address of the website for Internet voting can be found on your proxy card. Internet voting is available 24 hours a day until 11:59 p.m. eastern daylight time on May 17, 2017.

You may vote by telephone. The toll-free telephone number can be found on your proxy card. Telephone voting is available 24 hours a day until 11:59 p.m. eastern daylight time on May 17, 2017.

You may vote by mail. If you choose to vote by mail, simply mark and sign your proxy card and return it in the enclosed prepaid and addressed envelope. Voted proxy cards must be mailed and received by 11:59 p.m. eastern daylight time on May 17, 2017 in order to be counted.

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 us 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 or the Notice of Internet Availability of Proxy Materials.

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

A:
If your shares are held in "street name" through a broker, bank or other nominee, please refer to your proxy card or the instructions provided by your broker, bank, or other nominee regarding how to vote your shares or to revoke your voting instructions. The availability of telephone and Internet voting depends on the voting processes of the broker, bank or other nominee.

Written ballots will be passed out to anyone who wants to vote at the Annual Meeting. However, if you hold your shares in street name, you must obtain a legal proxy from your broker, bank or other nominee to be able to vote in person at the Annual Meeting.

Q:
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 directors, you may:

vote FOR ALL eight nominees for director;

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

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

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

We have a majority voting policy for the election of non-employee directors. The policy, which is part of our Corporate Governance Guidelines, sets forth our procedures if a nominee is elected, but receives a majority of votes withheld. In an uncontested election, any non-employee nominee for director who receives a greater number of votes withheld from his or her election than votes for his or her election is required to promptly tender his or her resignation. Our Nominating and Corporate Governance Committee is required to promptly consider the resignation offer and make a recommendation to the board of directors with respect to the resignation. The board is required to take action with respect to this recommendation. The policy is more fully described below under “Information Regarding the Board of Directors and Committees — Majority Voting Policy.”

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. In no event will more than eight directors be elected at the Annual Meeting.

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Q:

How may I vote for the ratification of Ernst & Young LLP as the independent registered public accounting firm, and how many votes must the ratification receive to pass?

A:

With respect to the ratification of Ernst & Young LLP as independent registered public accounting firm, you may:

vote FOR the ratification;

vote AGAINST the ratification; or

abstain from voting.

Ernst & Young LLP will be ratified as the independent registered public accounting firm if the proposal receives the affirmative vote of a majority of the votes cast at the Annual Meeting. If you sign your proxy card with no further instructions, your shares will be counted as a vote FOR the ratification of Ernst & Young LLP.

Q:

How may I vote on the proposal to approve, on an advisory basis, the executive compensation of the named executive officers as disclosed in this proxy statement, and how many votes must the proposal receive to pass?

A:

With respect to this proposal, you may:

vote FOR the approval, on an advisory basis, of the compensation of the named executive officers;

vote AGAINST the approval, on an advisory basis, of the compensation of the named executive officers; or

abstain from voting.

Unlike some of the other proposals you are voting on, this is an advisory proposal, which means it is not binding. The board of directors will review the voting results and consider the outcome in making future decisions on executive compensation. The compensation of our named executive officers will be approved, on an advisory basis, if the proposal receives the affirmative vote of a majority of the votes cast at the Annual Meeting. If you sign your proxy card with no further instructions, your shares will be counted as a vote FOR the approval of executive compensation.

Q:

How may I vote on the proposal to indicate, on an advisory basis, my preference for the frequency of future advisory votes on executive compensation?

A:

With respect to the advisory vote on the frequency of future advisory votes on executive compensation, you may vote that we conduct advisory votes:

ANNUALLY;

EVERY TWO YEARS; or

EVERY THREE YEARS.

Unlike the other proposals you are voting on, there is no threshold vote that must be obtained for this proposal to “pass”. Rather, this is an advisory proposal, which means it is not binding, but the board of directors will take into consideration the outcome of the vote in setting a policy with respect to the frequency of future advisory votes on executive compensation.

Q:
How may I vote for the approval of the Piedmont Office Realty Trust, Inc. Amended & Restated 2007 Omnibus Incentive Plan?

A:
With respect to the proposal to approve the Piedmont Office Realty Trust, Inc. Amended & Restated 2007 Omnibus Incentive Plan, you may:

vote FOR the proposal;

vote AGAINST the proposal; or

ABSTAIN from voting on the proposal.

The approval of the Piedmont Office Realty Trust, Inc. Amended & Restated 2007 Omnibus Incentive Plan requires the affirmative vote of a majority of the votes cast on the matter.

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

A:
The board of directors recommends a vote FOR ALL eight nominees for election as director who are named as such in this proxy statement; FOR the ratification of Ernst & Young LLP as independent registered public accounting firm for fiscal 2017; FOR the approval, on an advisory basis, of the compensation of the named executive officers; for future advisory votes on executive compensation to be held “ANNUALLY”; and FOR the approval of the Piedmont Office Realty Trust, Inc. Amended and Restated 2007 Omnibus Incentive Plan.

Q:
What if I vote and then change my mind?

A:
If you are a registered stockholder, you have the right to revoke your proxy at any time before 11:59 p.m. Eastern daylight time on May 17, 2017 by:

voting again over the Internet or by telephone;

giving written notice to Thomas A. McKean, our Secretary; or

returning a new, valid proxy card bearing a later date, that is received before such time.

You may also revoke your proxy by attending the Annual Meeting and voting in person. If you hold

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your shares in the name of a broker, bank, or other nominee, please refer to your broker's proxy card or instructions to revoke your vote.

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; FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal 2017; FOR the approval, on an advisory basis, of the compensation of the named executive officers; and for future advisory votes on executive compensation to be held ANNUALLY; and FOR the approval of the Piedmont Office Realty Trust, Inc. Amended and Restated 2007 Omnibus Incentive Plan.

Q:

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

A:

Abstentions and broker non-votes with respect to a proposal are counted for purposes of establishing a quorum.

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

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

On "non-routine" matters, such as the election of directors, the approval, on an advisory basis, of the compensation of the named executive officers, and the approval of the Piedmont Office Realty Trust, Inc. Amended and Restated 2007 Omnibus Incentive Plan, 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.

With respect to the proposals to elect eight nominees to our board of directors; to ratify Ernst & Young LLP as the independent registered public accounting firm; to approve, on an advisory basis, the executive compensation of the named executive officers; to approve, on an advisory basis, the frequency of future votes on executive compensation, and to approve the Piedmont Office Realty Trust, Inc. Amended and Restated 2007 Omnibus Incentive Plan, abstentions, withhold votes, and broker non-votes (each as applicable) will have no effect on the outcome of the vote.

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. Georgeson, Inc., our proxy solicitor, will be paid an administrative fee of approximately \$6,500 plus \$4.00 per phone vote as well as out-of-pocket expenses for its basic solicitation services. 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, Georgeson, Inc. (our third party proxy solicitor) and our directors and employees may also solicit proxies in person, via the Internet, by telephone or by any other electronic means of communication we deem appropriate.

Q:

How can I obtain 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 Annual Report to Stockholders for fiscal 2016 and all other relevant documents filed by us with the SEC free of charge from our website at www.piedmontreit.com or by calling Shareowner Services at 866-354-3485.

In addition, we file annual, quarterly and special reports, proxy statements and other information with the SEC. Our SEC filings are available to the public on the website maintained by the SEC at <http://www.sec.gov>.

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PROPOSAL I: Election of Directors

Our current nine member board of directors is comprised of eight independent members and our Chief Executive Officer. Michael R. Buchanan, who currently serves as a Director and Chairman of the Board of Directors, is approaching his 15-year term limit and will retire from our Board at the Annual Meeting. Effective with Mr. Buchanan's retirement, the size of the Board will be reduced to eight members.

At the Annual Meeting, you will vote on the election of eight directors. Those persons elected will serve as directors until the next annual meeting unless otherwise stated and until the election and qualification of their successors. All of the nominees have served as directors since our last meeting. Each nominee has been nominated for election by our board of directors in accordance with our established nomination procedures discussed in this proxy statement.

Name	Age	Position(s)
Kelly H. Barrett	52	Director*
Wesley E. Cantrell	82	Director*
Barbara B. Lang	73	Director*
Frank C. McDowell	68	Director* and Vice-Chairman of the Board of Directors
Raymond G. Milnes, Jr.	65	Director*
Donald A. Miller, CFA	54	Chief Executive Officer, President and Director
Jeffrey L. Swope	66	Director*
Dale H. Taysom	68	Director*

*

Indicates that such director is considered independent under the New York Stock Exchange ("NYSE") independence standards as determined by our board of directors.

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

The following is detailed information regarding each of the nominees:

Kelly H. Barrett joined our Board on March 1, 2016. She has been employed by The Home Depot (NYSE:HD) since 2003, serving in various roles including Vice President Corporate Controller, Senior Vice President of Enterprise Program Management, and Vice President of Internal Audit and Corporate Compliance prior to assuming her current role of Senior Vice President — Home Services. Prior to her employment by The Home Depot, Ms. Barrett was employed by Cousins Properties Incorporated for eleven years in various financial roles, ultimately including that of Chief Financial Officer. During that time, she was very active in the National Association of Real Estate Investment Trusts (NAREIT) as an Accounting Committee Co-Chairperson and member of the Best Financial Practices Council as well as the Real Estate Group of Atlanta. In addition, Ms. Barrett served as a director of State Bank Financial Corporation (NASDAQ: STBZ) from August of 2011 to May of 2016.

Ms. Barrett brings over 30 years of leadership and financial management expertise to the Board. As a former member of NAREIT's Accounting Committee and Best Financial Practices Council and former chief financial officer of an office REIT, she is well qualified to provide oversight and guidance for Piedmont and serve as a member and financial expert for our Audit Committee.

Wesley E. Cantrell has served as a 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, Chief Executive Officer, and Chairman. Mr. Cantrell formerly served as a director for AnnTaylor Stores Corporation (NYSE: ANN), Oxford Industries, Inc. (NYSE: OXM), and First Union National Bank of Atlanta.

Mr. Cantrell brings to the board broad senior management expertise based on his years as President, Chief Executive Officer and Chairman of a large, complex business such as Lanier Worldwide. While serving on AnnTaylor's board of

directors, Mr. Cantrell chaired the Nominating and Corporate Governance Committee and thus brings experience with corporate governance practices to his role as Chairman of our Nominating and Corporate Governance Committee. As author of books on integrity and ethical decision-making in business, Mr. Cantrell offers unique insight into issues influencing our company culture and business practices.

Barbara B. Lang has served as a director of our company since 2015. Ms. Lang is Managing Principal & CEO of Lang Strategies, LLC, a business consulting firm, located in Washington, D.C. From 2002 to 2014, Ms. Lang served as president and CEO of the D.C. Chamber of Commerce. Prior to joining the Chamber, Ms. Lang was the Vice

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President of Corporate Services and Chief Procurement Officer for Fannie Mae. She also had a long career with IBM where she served in several management positions in finance, administration and product forecasting. Ms. Lang has received numerous awards and accolades throughout her career, including being twice named one of Washingtonian Magazine's 150 Most Powerful People in the Washington, D.C. region, Business Leader of the Year by the District of Columbia Building Industry Association and a Lifetime Legacy Award from Washington Business Journal. Ms. Lang also serves on the board of Cardinal Financial Corporation (NASDAQ: CFNL), the Metropolitan Washington Airports Authority, and Sibley Hospital Foundation.

Ms. Lang brings to the board a broad personal network of corporate and governmental contacts in one of the Company's key operating markets. In addition, she has extensive senior management expertise with both private corporations and governmental agencies based on her years of experience leading the D.C. Chamber of Commerce and her management experience with Fannie Mae and IBM. In addition, Ms. Lang has broad business, financial, and governance expertise based on her experience as a business consultant, independent director with another public company, and executive of a nonprofit organization. This broad experience makes Ms. Lang highly qualified to serve on our Compensation and Nominating and Corporate Governance Committees.

Frank C. McDowell has served as a director of our company since 2008 and as Vice Chairman of the Board of Directors since 2010. From 1995 until his retirement in 2004, Mr. McDowell served as President, Chief Executive Officer and Director of BRE Properties, Inc., a self-administered equity REIT, which owns and operates income-producing properties, primarily apartments, in selected Western U.S. markets. From 1992 to 1995, Mr. McDowell was Chairman and CEO of Cardinal Realty, the nation's fifteenth largest apartment management company and the nineteenth largest owner of multifamily housing at the time. Before joining Cardinal Realty, 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. Additionally, Mr. McDowell served as a director of Eagle Hospitality Trust (NYSE: EHP) from 2006 to 2008 and was a licensed CPA in Texas from 1973 to 1993.

Mr. McDowell brings to the board extensive experience as a CEO of an approximate 500-employee, public company within the real estate sector as a result of serving as CEO of BRE Properties and as a result of his experience as head of real estate for First Interstate Bank of Texas and Allied Bancshares. He is very familiar with the public markets, including dealing with analysts and institutional investors as well as an in-depth working knowledge of various financial structures and the capital raising process. In addition he has expertise in strategic planning, establishing and managing compensation for senior real estate executives, and in other financial matters given his background as a CPA. These skills make him well suited to serve as Chairman of the Compensation Committee.

Raymond G. Milnes, Jr. has served as a director of our company since 2011. He retired as a partner from the accounting firm of KPMG LLP in 2011 where he had served as the National Sector Leader for the Building, Construction and Real Estate Practice for fourteen years. Mr. Milnes was employed by KPMG for 38 years and has extensive accounting, auditing, and advisory experience in all sectors of the real estate and construction industries, including real estate investment funds, real estate investment trusts, developers, operating properties, and syndicates of private and public real estate partnerships. Mr. Milnes has served as the lead audit partner or account executive for several of KPMG's largest real estate and construction clients, including both domestic and global clients and has been a frequent speaker and panelist on current trends in the building, construction, and real estate industry and has contributed to numerous real estate industry publications. In addition to his national role with KPMG, Mr. Milnes also has been an associate member of the Board of Governors of NAREIT, has served on the Advisory Board of The Real Estate Center of DePaul University, and has been a member of The Real Estate Roundtable President's Council. In addition, he is an Adjunct Faculty member in DePaul University's School of Real Estate. He has a BS in Accounting from the University of Detroit and is a licensed CPA.

Mr. Milnes brings to the board real estate specific financial knowledge and experience including dealing with complex financial and accounting related issues based on his many years serving as a KPMG partner and his leadership roles within the KPMG organization. Additionally, he has an in-depth knowledge of the workings of the SEC and risk management expertise as well as contacts at other real estate firms. Finally, his financial expertise makes him well qualified to serve as Chairman of the Audit Committee and an audit committee financial expert.

Donald A. Miller, CFA, has served as the Chief Executive Officer, President, and a member of the board of directors of Piedmont Office Realty Trust since 2007. From 2003 to 2007, Mr. Miller was the head of real estate activities at Wells Real Estate Funds, Inc. In such capacity, he was responsible for directing all aspects of the acquisitions, asset management, dispositions, property management, and construction groups. From 2001 to 2003, Mr. Miller headed the U.S. equity real estate operations of Lend Lease, a leading international commercial real estate property group where he had worked since 1994. Prior to Lend Lease, Mr. Miller was responsible for regional acquisitions for Prentiss Properties Realty Advisors, a predecessor entity to Prentiss Properties Trust, a publicly traded REIT (which was acquired by Brandywine Realty

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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 also a Chartered Financial Analyst. He received a B.A. from Furman University in Greenville, South Carolina. He currently sits on the board of directors of Pacolet Milliken Enterprises, a Greenville, South Carolina investment company specializing in real estate and energy. From 2012 to 2015, he served on the Board of Governors for NAREIT. He is currently a member of the Urban Land Institute (ULI), and the National Association of Industrial and Office Properties (NAIOP).

Through his experience serving as Chief Real Estate Officer for Wells Real Estate Funds, Inc. as well as his work at Lend Lease, Prentiss Properties, and managing real estate investments for Delta Air Lines, Mr. Miller brings to the board almost 30 years of experience in dealing with virtually all aspects of real estate acquisition, financing, management, leasing, disposition as well as both portfolio and asset management experience. He also has an extensive personal network of contacts throughout the real estate industry given his involvement in ULI, NAIOP and NAREIT. Mr. Miller is very knowledgeable about each of the individual geographic markets in which Piedmont currently owns or may own property. In addition, he has extensive financial expertise given his Chartered Financial Analyst designation and great insight into our strategies and operations as well as our corporate culture and values given his many years of service to Piedmont.

Jeffrey L. Swope has served as a director of our company since 2008. In 1991, Mr. Swope formed Champion Partners Ltd., a nationwide developer and investor of office, industrial and retail properties, where he has served as Managing Partner and Chief Executive Officer since 1991. In addition, during 2011, Mr. Swope co-founded Champion Private Equity, a private real estate capital and investment company. He also serves as a member of the University of Texas at Austin Business School Advisory Council.

As a nationwide developer of real estate property, Mr. Swope has handled the acquisition, financing, leasing and management of over 50 million square feet of real estate during his approximately 40 year career in the commercial real estate industry and thus brings extensive experience in virtually all aspects of real estate and a wealth of knowledge regarding the individual geographic markets in which Piedmont currently owns or may own property. His development expertise is also beneficial to Piedmont as we pursue various development and redevelopment strategies. His deep real estate and financing experience makes him well suited to serve as Chairman of the Capital Committee. He also has an extensive personal network of contacts throughout the real estate industry given his involvement in many industry groups such as ULI, NAIOP, and his involvement with the University of Texas.

Dale H. Taysom has served as a director of our company since 2015. Prior to his retirement in 2013, Mr. Taysom was Global Chief Operating Officer for Prudential Real Estate Investors (“PREI”). During his 36-year career with PREI, Mr. Taysom held various positions including Head of United States Transactions and Global Head of Transactions, among others, prior to completing his tenure as Global Chief Operating Officer (“COO”). Additionally, he was a member of PREI’s domestic and international investment committees and a member of the Global Management Committee. His responsibilities included asset management, acquisitions, sales, development, and portfolio management. He is currently a member of the ULI and a former member of both the National Multi-Housing Council and the National Association of Real Estate Investment Managers (“NAREIM”).

As a former COO of a large real estate company, Mr. Taysom brings many years of experience dealing with almost every facet of owning and operating commercial real estate including mortgage loan origination, asset management, acquisitions, sales, development and portfolio management. He is familiar with many of the markets in which our properties are located and has an extensive personal network of contacts throughout the real estate industry. In addition to his financial and budgetary responsibilities as COO of PREI, Mr. Taysom also participated with the management committee in formulating the strategic vision of the company including the review, approval, and responsibility for financial performance. This experience makes him well suited to serve as a member of Piedmont’s Audit Committee.

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

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PROPOSAL II:

RATIFICATION OF ERNST & YOUNG LLP AS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL 2017

Engagement of Ernst & Young LLP

On February 20, 2017, the Audit Committee engaged Ernst & Young LLP as our independent registered public accounting firm to audit our financial statements for the year ending December 31, 2017. This proposal asks you to ratify the selection of Ernst & Young LLP as our independent registered public accounting firm. Although we are not required to obtain such ratification from our stockholders, the board of directors believes it is good practice to do so. Notwithstanding the ratification, the Audit Committee in its discretion may select a different independent registered public accounting firm at any time during the year if it determines that the change would be in the best interests of Piedmont and our stockholders. In the event that the appointment of Ernst & Young LLP is not ratified, the Audit Committee will consider the appointment of another independent registered public accounting firm, but will not be required to appoint a different firm.

A representative of Ernst & Young LLP will be present at the Annual Meeting, will have the opportunity to make a statement and will be available to respond to appropriate questions by stockholders.

Your board of directors unanimously recommends a vote “FOR” the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal 2017.

Pre-Approval Policies

The Audit Committee must pre-approve all auditing services performed for us by our independent registered public accounting firm, 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 registered public accounting firm’s independence. Unless a type of service to be provided by our independent registered public accounting firm 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 registered public accounting firm 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 registered public accounting firm. 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 registered public accounting firm 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 registered public accounting firm independence. The chairman of the Audit Committee has been delegated the authority to specifically pre-approve all services not covered by the general pre-approval guidelines, up to an amount not to exceed \$75,000 per occurrence. Amounts requiring pre-approval in excess of \$75,000 per occurrence require specific pre-approval by our Audit Committee prior to engagement of Ernst & Young LLP, our current independent registered public accounting firm. All amounts specifically pre-approved by the Chairman of the Audit Committee in accordance with this policy are to be disclosed to the full Audit Committee at the next regularly scheduled meeting.

Fees Paid to Independent Registered Public Accounting Firm

The Audit Committee reviewed the audit and non-audit services performed by Ernst & Young LLP, as well as the fees charged by Ernst & Young LLP for such services. In its review of any non-audit service fees, the Audit Committee considers whether the provision of such services is compatible with maintaining the independence of Ernst & Young LLP. The aggregate fees billed to us for professional accounting services provided by Ernst & Young LLP,

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including the audits of our annual financial statements, for the years ended December 31, 2016 and 2015, respectively, are set forth in the table below.

	2016	2015
Audit Fees	\$ 1,161,000	\$ 1,037,000
Audit-Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
Total	\$ 1,161,000	\$ 1,037,000

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 (including reviews of the purchase price allocation of acquisitions and dispositions) to be performed by the independent registered public accounting firm to be able to form an opinion on our consolidated financial statements. These fees also cover services that are normally provided by independent registered public accounting firms in connection with statutory and regulatory filings or engagements, and services that generally only the independent registered public accounting firm 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 registered public accounting firms, such as due diligence related to acquisitions and dispositions, attestation services that are not required by statute or regulation, internal control reviews, non recurring agreed-upon procedures and other professional fees associated with transactional activity.

Tax Fees — These are fees for all professional services performed by professional staff in our independent registered public accounting firm'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 Internal Revenue Service 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, 2016, all services rendered by Ernst & Young LLP were pre-approved by the Audit Committee in accordance with the policies and procedures described above.

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PROPOSAL III:

ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION

Pay that reflects performance and alignment of pay with the long-term interests of our stockholders are key principles that underlie our compensation program. In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), stockholders have the opportunity to vote, on an advisory basis, on the compensation of our named executive officers. This is often referred to as a “say on pay”, and provides you, as a stockholder, with the ability to cast a vote with respect to our 2016 executive compensation programs and policies and the compensation paid to the named executive officers as disclosed in this proxy statement through the following resolution:

“RESOLVED, that the stockholders approve the compensation of the named executive officers, as described in the Compensation Discussion and Analysis section and in the compensation tables and accompanying narrative disclosure in this proxy statement.”

As discussed in “Executive Compensation — Compensation Discussion and Analysis” below, the compensation paid to our named executive officers is designed to meet the following objectives:

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.

Although the vote is non-binding, the Compensation Committee will review the voting results and consider the outcome in making decisions about future compensation arrangements for our named executive officers.

As required by the Dodd-Frank Act, this vote does not overrule any decisions by the board of directors, will not create or imply any change to or any additional fiduciary duties of the board of directors and will not restrict or limit the ability of stockholders generally to make proposals for inclusion in proxy materials related to executive compensation.

Your board of directors unanimously recommends a vote “FOR” the approval, on an advisory basis, of the compensation of our named executive officers.

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PROPOSAL IV:

ADVISORY VOTE ON THE FREQUENCY OF FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION

In accordance with the Dodd-Frank Act, we are providing our stockholders with the opportunity to vote on the frequency of future stockholders advisory votes on the compensation of our named executive officers, or “say on pay”, such as Proposal III in this Proxy Statement. By voting on this Proposal IV, stockholders may recommend whether future advisory votes on executive compensation should be conducted “annually,” “every two years” or “every three years.” The board of directors recommends that future advisory votes on executive compensation should be held annually. We believe that an annual advisory vote on executive compensation is consistent with our practice of seeking input and engaging in dialogue with our stockholders on corporate governance matters (including the Company’s practice of having all directors elected annually and annually providing stockholders the opportunity to ratify the Audit Committee’s selection of independent auditors) and our executive compensation philosophy, policies and practices. We have held advisory votes on the compensation of our named executive officers annually since our 2011 annual meeting.

While the Company’s executive compensation programs are designed to promote a long-term connection between pay and performance, the board of directors recognizes that executive compensation disclosures are made annually. Holding an annual advisory vote on executive compensation provides us with more direct and immediate feedback on our compensation disclosures. However, stockholders should note that because the advisory vote on executive compensation occurs well after the beginning of the compensation year, and because the different elements of our executive compensation programs are designed to operate in an integrated manner and to complement one another, in many cases it may not be appropriate or feasible to change our executive compensation programs in consideration of any one year’s advisory vote on executive compensation by the time of the following year’s annual meeting of stockholders.

Although the vote is non-binding, the board of directors and the Compensation and Nominating Committee will review the voting results in making a decision as to the policy to be adopted by the board of directors on the frequency of future advisory votes on executive compensation.

As required by the Dodd-Frank Act, this vote does not overrule any decisions by the board of directors, will not create or imply any change to or any additional fiduciary duties of the board of directors and will not restrict or limit the ability of stockholders generally to make proposals for inclusion in proxy materials related to executive compensation.

Your board of directors unanimously recommends a vote for an advisory vote on executive compensation “ANNUALLY”.

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PROPOSAL V:

Approval of the Piedmont Office Realty Trust, Inc. Amended and Restated 2007 Omnibus Incentive Plan
General

We maintain the Piedmont Office Realty Trust, Inc. 2007 Omnibus Incentive Plan (the “2007 Omnibus Incentive Plan”), which was approved by our stockholders on April 11, 2007 and became effective on April 16, 2007. Management has determined that it is in our best interest to amend and restate the 2007 Omnibus Incentive Plan as the “Piedmont Office Realty Trust, Inc. Amended and Restated 2007 Omnibus Incentive Plan” (the 2007 Omnibus Incentive Plan, as amended and restated, the “A&R Incentive Plan”) to (i) increase the number of shares of common stock available for issuance from 4,666,667 to 5,666,667, (ii) extend the expiration date for ten years following the expiration of our existing 2007 Omnibus Incentive Plan, and (iii) make certain other amendments to the 2007 Omnibus Incentive Plan. The Board believes the increase in the number of shares of our common stock reserved and available for awards, as well as the extension of the A&R Incentive Plan’s expiration date and the other amendments reflected in the A&R Incentive Plan, which are summarized below, are in the best interest of the Company and our stockholders.

To ensure an adequate supply of shares for future awards, the Board has approved, and recommends that stockholders approve, the A&R Incentive Plan. The Plan will authorize the issuance of up to 1,000,000 additional shares of our common stock pursuant to incentive awards, in addition to the approximately 2.1 million shares currently remaining from the 4,666,667 shares reserved under the 2007 Omnibus Incentive Plan that have not been awarded or that have been returned to the 2007 Omnibus Incentive Plan. In determining the number of additional shares of common stock requested for availability under the A&R Incentive Plan, we considered the approximately 2.1 million shares of our common stock currently available for issuance, our historic and anticipated award grant practices, and the estimated number of shares needed for awards over the next four to five years. The Company believes that the additional shares authorized under the A&R Incentive Plan will provide it with a sufficient number of shares of common stock to ensure that equity-based long-term incentive awards remain a meaningful component of the overall compensation of our employees, officers and non-employee directors.

Effect of Proposal

Approval of the A&R Incentive Plan as requested by this Proposal V will (1) increase the number of shares available for issuance from 4,666,667 to 5,666,667, (2) extend the expiration date for ten years following the expiration of our existing 2007 Omnibus Incentive Plan, and (3) make certain other amendments to the 2007 Omnibus Incentive Plan as described below. Approval of the A&R Incentive Plan by our stockholders will also qualify the material terms of the performance goals under the A&R Incentive Plan as stockholder-approved performance goals for purposes of Section 162(m) of the Code.

**YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE APPROVAL OF THE
PIEDMONT OFFICE REALTY TRUST, INC. AMENDED AND RESTATED 2007 OMNIBUS INCENTIVE PLAN**

Summary of Changes to the A&R Incentive Plan

In addition to authorizing the issuance of up to 1,000,000 additional shares of our common stock pursuant to incentive awards and extending the life of the A&R Incentive Plan for ten years, the A&R Incentive Plan makes several changes which we believe are beneficial to stockholders, including:

- Requiring that dividends payable with respect to awards not be paid prior to the date the underlying award vests;
- Prohibiting the cash buyout of underwater options;
- Clarifying that various liberal share counting methodologies are prohibited; and

- Limiting the annual awards that may be granted to non-employee directors.

Summary of the A&R Incentive Plan

We propose that the A&R Incentive Plan be adopted. A copy of the A&R Incentive Plan is attached hereto as Appendix A. This summary of the provisions of the A&R Incentive Plan is qualified in its entirety by reference to the full text of the A&R Incentive Plan. To the extent that

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there is a conflict between this summary and the A&R Incentive Plan, the A&R Incentive Plan will govern. Capitalized terms used but not defined herein will have the meanings ascribed to them in the A&R Incentive Plan. The adoption of the A&R Incentive Plan is subject to stockholder approval.

Background and Purpose

The A&R Incentive Plan modifies our existing 2007 Omnibus Incentive Plan, which was approved by our stockholders on April 11, 2007 and became effective on April 16, 2007. In January 2010, in connection with a 3 to 1 reverse stock split, the number of shares authorized for issuance under the 2007 Omnibus Incentive Plan was reduced from 14,000,000 to 4,666,667. On March 20, 2017, our Board approved the A&R Incentive Plan, subject to approval by our stockholders, to (1) increase the number of shares of common stock available for issuance from 4,666,667 to 5,666,667, (2) extend the expiration date for ten years following the expiration of our existing 2007 Omnibus Incentive Plan, and (3) make certain other amendments to the 2007 Omnibus Incentive Plan.

The A&R Incentive Plan was established by the Board, which consulted with its legal advisors and an employment compensation consultant to survey and study the market compensation ranges of our competitors. The purpose of the A&R Incentive Plan is to provide us with the flexibility to offer performance-based compensation, including stock-based and incentive cash awards as part of an overall compensation package to attract and retain qualified personnel.

Certain officers, key employees, non-employee directors, or consultants of ours and our subsidiaries would be 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 A&R Incentive Plan. We anticipate that providing such persons with interests and awards of this nature will result in a closer identification of their interests with our own interests and those of our stockholders, thereby stimulating their efforts on our behalf and strengthening their desire to remain with us.

In addition, we have entered certain employment agreements with our senior management which may provide, among other things, for incentive compensation awards and performance bonuses that will be paid pursuant to the A&R Incentive Plan. If the A&R Incentive Plan is not approved by our stockholders, it could materially adversely affect us because we could be deprived of the services of our senior management and the ability to provide the incentives necessary to attract qualified replacements and other personnel.

Administration

The A&R Incentive Plan will be administered by the Compensation Committee of our Board. The Compensation Committee will have the power and authority to administer and interpret the A&R Incentive Plan, including the power and authority: (1) to authorize the granting of awards; (2) to determine the eligibility of officers, key employees, directors, or consultants of ours to receive an award; (3) to determine the number of shares of common stock to be covered by each stock-based award (subject to the individual participant limitations provided in the A&R Incentive Plan); (4) to determine the terms, conditions and restrictions of each award, including setting applicable performance criteria (which may not be inconsistent with the terms of the A&R Incentive Plan); (5) to accelerate the exercisability or vesting of the awards; (6) to extend the time period for exercising stock options; (7) to correct any defect, omission or inconsistency in the A&R Incentive Plan or in any award agreement, in a manner and to the extent it shall deem necessary or expedient to make the A&R Incentive Plan fully effective; (8) to waive any restrictions, conditions or limitations imposed on an Award at the time the Award is granted or at any time thereafter including but not limited to forfeiture, vesting and treatment of Awards upon a Termination of Service; and (9) to take any other actions and make all other determinations that it deems necessary or appropriate in connection with the A&R Incentive Plan or the administration or interpretation thereof. In connection with this authority, the Compensation Committee may, among other things, establish performance goals that must be met in order for awards to be granted or to vest, or for the restrictions on any such awards to lapse. The A&R Incentive Plan will be administered by a compensation or other committee consisting of at least two individuals, each of whom shall be a "nonemployee director" as defined under Rule 16b3 under the Exchange Act, and will, at such times as we are subject to Section 162(m) of the Code, qualify as an outside director for purposes of Section 162(m) of the Code, or, if no committee is designated by our Board to act for these purposes, our Board. References below to our Compensation Committee include a reference to our Board for

those periods in which our Board is administering the A&R Incentive Plan. In addition, the Compensation Committee may, in its discretion, delegate to our Chief Executive Officer, or his or her delegate, all or part of the Committee's authority and duties with respect to awards (where relief from the limitations of Section 162(m) of the Code is not sought). The A&R Incentive Plan

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also has certain limitations of liability for Compensation Committee and Board members as long as such members are not acting in bad faith or committing fraud.

Eligibility and Types of Awards

Certain of our officers, key employees, non-employee directors and consultants are eligible to be granted cash awards, stock options, stock appreciation rights, restricted stock, deferred stock, dividend equivalent rights and other stock-based awards and performance based awards under the A&R Incentive Plan. Eligibility for awards under the A&R Incentive Plan will be determined by the Compensation Committee. No new award may be granted under the A&R Incentive Plan after the 10th anniversary of the effective date of such plan.

Available Shares

Subject to adjustment upon certain corporate transactions or events, the total number of shares of our common stock subject to awards of stock options, shares of restricted stock, deferred stock awards, other stock-based awards and dividend equivalent rights under the A&R Incentive Plan may not exceed 5,666,667. For sake of clarity, the shares of common stock available for issuance under the A&R Incentive Plan shall be reduced by approximately 2.7 million shares of common stock issuable pursuant to awards previously granted under the 2007 Omnibus Incentive Plan. In determining the number of shares of common stock available for grant under the A&R Incentive Plan at any time: (1) any shares of stock subject to an Award granted under the A&R Incentive Plan or the 2007 Omnibus Incentive Plan that terminate by expiration, forfeiture, cancellation or otherwise without the issuance of common stock (or with the forfeiture of common stock in connection with a Restricted Stock Award), is settled in cash in lieu of common stock, or is exchanged with the Compensation Committee's permission, prior to the issuance of common stock for an Award not involving common stock, shall become available again for grant under the A&R Incentive Plan; (2) any shares of common stock that are withheld by the Company or tendered (by either actual delivery or attestation) to pay the exercise price of a Stock Option or to satisfy tax withholding obligations associated with an Award, shall not become available again for grant under the A&R Incentive Plan; (3) any shares of Stock that were subject to a stock-settled Stock Appreciation Right under the Plan that were not issued upon the exercise of such Stock Appreciation Right shall not become available again for grant under the A&R Incentive Plan; (4) any shares of common stock that were purchased by the Company on the open market with the proceeds from the exercise of a Stock Option shall not become available again for grant under the A&R Incentive Plan; (5) any shares of Stock subject to "substitute awards" pursuant to Section 3(e) of the A&R Incentive Plan shall not be counted against the number of shares of common stock available for grant under the A&R Incentive Plan, nor shall they reduce the shares of common stock authorized for grant to any person in any calendar year.

Subject to potential adjustments upon the occurrence of certain corporate transactions or events, award grants will be subject to the following limitations: (1) the maximum number of shares of common stock subject to stock options or stock appreciation rights that can be awarded under the A&R Incentive Plan to any person eligible for an award is 3,500,000 per calendar year; (2) the maximum number of shares of common stock that can be awarded in an award under the A&R Incentive Plan, other than pursuant to stock options or stock appreciation rights, to any person eligible for an award is reduced to 500,000 per calendar year; and (3) the maximum value that any grantee may receive with respect to any fiscal year included in the applicable performance period is \$10 million. To conform to industry best practices, the board has established compensation caps so that the maximum aggregate fair value of awards granted to any non-employee director during any calendar year shall not exceed \$250,000; provided that this annual award limit shall not apply to awards granted in lieu of all or any portion of such non-employee director's cash-based director fees.

Awards Under the A&R Incentive Plan

Stock Options. The terms of specific options, including whether options will constitute "incentive stock options" for purposes of Section 422(b) of the Code, will be determined by the Compensation Committee. The exercise price of an option will be determined by the Compensation Committee and reflected in the applicable award agreement. Incentive stock options will only be granted to our key employees or a "subsidiary corporation" within the meaning of Section 424(f) of the Code. The exercise price with respect to incentive stock options may not be less than 100% (or 110% in the case of an incentive stock option granted to a 10% stockholder) of the fair market value of our shares of common

stock on the date of grant. Each stock option will be exercisable after the period or periods specified in the award agreement, which will not exceed 10 years from the date of grant (or 5 years from the date of grant in the case of an incentive stock option granted to a 10% stockholder). Options will be exercisable at such times and subject to such terms as determined by the Compensation Committee. If the aggregate fair market value of all shares of common stock subject to a grantee's "incentive stock option" which are exercisable for the first time during any

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calendar year exceeds \$100,000, the excess options shall be treated as nonqualified options.

Stock Appreciation Rights. Subject to the requirements of the A&R Incentive Plan, the Compensation Committee may grant stock appreciation rights in tandem with a stock option or alone and unrelated to a stock option. Stock appreciation rights may be exercised by the delivery to us of a written notice of exercise. The exercise of a stock appreciation right will entitle the grantee to receive shares of common stock having a value equal to the fair market value of a share of common stock on the date of exercise over the exercise price of the stock appreciation right. The exercise price of a stock appreciation right will be no less than the fair market value of the common stock on the date of grant. In its sole discretion, the Compensation Committee may settle the stock appreciation rights in a combination of shares of common stock and cash, or exclusively with cash.

Restricted Stock. A restricted stock award is an award of shares of common stock that is subject to restrictions on transferability and such other restrictions, if any, as the Compensation Committee may impose at the date of grant. Grants of restricted stock will be subject to vesting schedules as determined by the Compensation Committee. The restrictions may lapse separately or in combination at such times, under such circumstances, including, without limitation, a specified period of employment or the satisfaction of pre-established criteria, in such installments or otherwise, as the Compensation Committee may determine. Except to the extent restricted under the award agreement relating to the restricted stock, a participant granted restricted stock has all of the rights of a stockholder, including, without limitation, the right to vote and the right to receive cash dividends on the restricted stock. Although dividends are paid on all restricted stock, whether or not vested, at the same rate and on the same date as our shares of common stock, such dividends will be held by us and not distributed to participants until the applicable restrictions lapse. Holders of restricted stock are prohibited from selling such shares with certain limited exceptions as provided under the A&R Incentive Plan.

Deferred Stock Awards. A deferred stock award is an award of phantom stock units subject to restrictions and conditions as the Compensation Committee may determine at the time of the grant. The granting of deferred stock will be contingent on the execution of a deferred stock agreement by the grantee. The terms of such agreements will be determined by the Compensation Committee and may differ among awards and grantees. A phantom stock unit represents a right to receive the fair market value of a share of our common stock or, if provided by the Compensation Committee, the right to receive a share of our common stock. Phantom stock units will be settled with a single-sum distribution; however, the Compensation Committee may, in its discretion and under certain circumstances, permit a participant to receive as settlement of the phantom stock units, installments over a period not to exceed 10 years. Unless otherwise provided in the applicable award agreement, or pursuant to a permissible election, the settlement date with respect to a phantom stock unit generally is the first day of the month to follow the date on which the phantom stock unit vests. During the deferral period, a grantee shall have no rights as a stockholder; however, the grantee may be granted dividend equivalent rights (as described below).

Other Stock-Based Awards. Our A&R Incentive Plan authorizes the granting of other awards based upon (1) the shares of common stock (including the grant of securities convertible into shares of common stock and stock appreciation rights), and subject to terms and conditions established at the time of grant, (2) equity interests in one of our subsidiaries, (3) awards valued by reference to book value, fair value or performance parameters relative to us or any subsidiary or group of subsidiaries, and (4) any class of profits interest or limited liability company interest created or issued that qualifies as a “profits interest” within the meaning of IRS Revenue Procedure 93-27. Our compensation committee will determine the specific terms of such awards and the conditions, if any, which will need to be satisfied before the grant will be effective and the conditions, if any, under which the grantee’s interest in the other awards will be forfeited. The Compensation Committee may also award dividend equivalent rights under these awards.

Dividend Equivalent Rights. A dividend equivalent right is an award entitling the grantee credits based on the amount of cash dividends declared on shares of common stock specified in the dividend equivalent right (or other award to which it relates) in the same manner as if such shares had been issued to and held by the grantee. The Compensation Committee may provide that amounts payable with respect to dividend equivalents will be converted into cash or additional shares of common stock. The Compensation Committee will establish all other limitations and conditions of awards of dividend equivalents as it deems appropriate.

Performance Goals

Our Compensation Committee may, in its discretion, in the case of awards intended to qualify for an exception from the limitation imposed by Section 162(m) of the Code or otherwise, establish one or more performance goals as a precondition to the issuance or vesting of awards, and provide, in connection with the establishment of the performance goals, for predetermined awards to those participants with respect

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to whom the applicable performance goals are satisfied. The performance goals will be based upon one or more of the following criteria, any of which may be measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group and any of which may be measured on an aggregate or per share basis: earnings before any one or more of the following items: interest, taxes, depreciation or amortization for the applicable period, as reflected in our financial reports for the applicable period; net income either before or after interest, taxes, depreciation and/or amortization; changes (or the absence of changes) in the per share or aggregate market price of our common stock; economic value-added; FFO or similar measure; sales or revenues; acquisitions or strategic transactions operating income cash flow return on capital, assets, equity or investment total return to stockholders various “non-GAAP” financial measures customarily used in evaluating the performance of REITs; return on sales; gross or net profit levels; productivity; expense levels or management; margins; operating efficiency; customer tenant satisfaction; working capital; earnings per share of stock; revenue or earnings growth; number of securities sold; our ranking against selected peer groups; same store performance from period to period; leasing or occupancy rates; objectively determinable capital deployment; objectively determinable expense management; sales or market shares; number of customers; and establishment of a trading market for our stock. Performance goals are to be established no later than 90 days after the beginning of any applicable performance cycle or at such other date as may be required or permitted for performance-based compensation under Section 162(m) of the Code. In the discretion of the Compensation Committee, settlement of performance awards shall be in cash, common stock, stock options, stock appreciation rights, deferred stock awards, restricted stock awards, other stock-based awards, dividend equivalent rights, or property. Subject to potential adjustments upon the occurrence of certain corporate transactions or events, the maximum value that any grantee may receive with respect to any fiscal year included in the applicable performance period shall be \$10 million.

Adjustments in General; Certain Change-in-Control Provisions

In the event of certain corporate reorganizations or other events, the Compensation Committee will generally make certain adjustments in its discretion to the manner in which the A&R Incentive Plan operates (including, for example, to the number of shares available under the Plan), and may otherwise take actions which, in its judgment, are necessary to preserve the rights of Plan participants.

Adjustment upon Changes in Capitalization. In the event of any reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split, or similar change in the shares of our common stock or our other securities, as determined by the Compensation Committee, pursuant to which outstanding shares of common stock are increased, decreased or exchanged for a different kind or number of securities, the Compensation Committee shall make an appropriate or proportionate adjustment in (1) the maximum number of shares reserved for issuance under the A&R Incentive Plan, (2) the maximum number of stock options or stock appreciation rights that can be granted to any one individual grantee and the maximum number of shares that can be granted under a performance based award, (3) the number and kind of shares or other securities subject to any then outstanding awards under the A&R Incentive Plan, (4) the repurchase price, if any, per share subject to each outstanding restricted stock award, and (5) the price for each share subject to any then outstanding stock options and stock appreciation rights under the A&R Incentive Plan, without changing the aggregate exercise price as to which such stock options and stock appreciation rights remain exercisable. Our Compensation Committee may also adjust the number of shares subject to outstanding awards and the exercise price and the terms of outstanding awards to take into consideration extraordinary dividends, acquisitions or dispositions of stock or property or any other similar corporate event to the extent necessary to avoid a material distortion in the value of the awards.

Change in Control or Merger. In the event of certain mergers, consolidations, the sale of substantially all of our assets, our reorganization or a liquidation, or change of control as defined in the A&R Incentive Plan, the Compensation Committee may, in lieu of making the adjustments described above, provide that all outstanding awards shall terminate as of consummation of such event, and (1) accelerate the exercisability of, or cause all vesting restrictions to lapse on, all outstanding awards to a date that is at least ten days but no earlier than 60 days prior to such date, and/or (2) provide that holders of awards will receive a payment in respect of cancellation of their awards based on the amount of the per share consideration being paid for our common stock in connection with such event, subject to various restrictions and other determinations of value.

Amendment and Termination

Our Board may at any time amend or terminate the A&R Incentive Plan; however, we must obtain stockholder approval of any amendment to the A&R Incentive Plan (other than amendments that curtail the scope of the plan) that would materially amend the A&R Incentive Plan, including any amendment that would:

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- increase the maximum number of shares of common stock that may be issued under the A&R Incentive Plan;
- expand the types of awards available under, materially expand the eligibility to participate in, or materially extend the term of the A&R Incentive Plan; or
- materially change the method of determining the fair market value of shares on the date of grant of an option or stock appreciation right.

The Compensation Committee may at any time amend or cancel any previously granted award under the A&R Incentive Plan for the purpose of satisfying changes in law or for any other lawful purpose, but no such action may adversely affect in any material way the rights under an previously granted award without the consent of the grantee. Notwithstanding the above, any amendment to an award or other action by the Compensation Committee that (i) decreases the exercise price or other similar price applicable thereto, (ii) cancels an award at a time when its exercise price or other similar price exceeds the fair market value of the underlying stock in exchange for another award or any cash payment or (iii) constitutes the repricing of the exercise price or base value of an option, stock appreciation right, or any other award granted under the A&R Incentive Plan, will be subject to the approval of our stockholders unless undertaken in connection with a merger or other transaction as set forth in Section 3(c) or Section 3(d) of the A&R Incentive Plan. If adopted by our stockholders, the A&R Incentive Plan shall terminate ten years after the effective date of the plan. Any awards outstanding under the A&R Incentive Plan at the time of its termination shall remain outstanding until they expire by their terms.

Certain U.S. Federal Income Tax Consequences

The following discussion is not intended or written to be used, and cannot be used by any person, for the purpose of avoiding U.S. federal income tax penalties, and was written to support the “promotion or marketing” (within the meaning of Internal Revenue Service Circular 230) of the Plan.

Non-Qualified Stock Options. No income will be recognized by an option holder at the time a non-qualified stock option is granted. At the time a non-qualified stock option is exercised, however, ordinary income will generally be recognized by an option holder in an amount equal to the excess of the fair market value of the underlying shares of common stock on the exercise date over the exercise price of the option. We will generally be entitled to a deduction for U.S. federal income tax purposes in the same amount as the amount included in ordinary income by the option holder with respect to his or her non-qualified stock option. Gain or loss on a subsequent sale or other disposition of the shares acquired upon the exercise of a non-qualified stock option will be measured by the difference between the amount realized on the disposition and the tax basis of such shares, and will generally be long-term or short-term capital gain depending on the holding period involved. The tax basis of the shares acquired upon the exercise of any non-qualified stock option will be equal to the sum of the exercise price of the non-qualified stock option and the amount included in income with respect to the option. Notwithstanding the foregoing, in the event that exercise of the option is permitted other than pursuant to a cash payment of the exercise price, various special tax rules may apply.

Incentive Stock Options. In general, neither the grant nor the exercise of an incentive stock option will result in taxable income to an option holder or a deduction for us. To receive this tax treatment, however, shares acquired upon the exercise of an incentive stock option, must not be disposed of within two years after the incentive stock option is granted nor within one year after the transfer of the shares to the option holder pursuant to his or her exercise of the option. In addition, the option holder must be an employee of us or a qualified subsidiary at all times between the date of grant and the date which is three months (one year in the case of disability) before exercise of the option. (Special rules apply in the case of the death of the option holder.) Incentive stock option treatment under the Code generally allows the sale of our shares of common stock received upon the exercise of an incentive stock option to result in any gain being treated as a capital gain to the option holder, and we will not be entitled to a tax deduction. The exercise of

an incentive stock option (if the holding period rules described in this paragraph are satisfied), however, will give rise to income includable by the option holder in his or her alternative minimum taxable income for purposes of the alternative minimum tax in an amount equal to the excess of the fair market value of the stock acquired on the date of the exercise of the option over the exercise price.

If the holding period rules noted above are not satisfied, gain recognized on the disposition of the shares acquired upon the exercise of an incentive stock option will be characterized as ordinary income. This gain will be equal to the difference between the exercise price and the fair market value of the shares at the time of exercise. (Special rules may apply to disqualifying dispositions where the amount realized is less than the value at exercise.) We would generally then be entitled to a deduction equal to the amount of such gain included by an option holder as ordinary income. Any excess realized upon such a disposition over the fair market value at the date of exercise will generally be long-term or short-term

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capital gain depending on the holding period involved. Notwithstanding the foregoing, in the event that exercise of the option is permitted other than pursuant to a cash payment of the exercise price, various special tax rules may apply.

Restricted Stock. Unless a holder of restricted stock makes an “83(b) election” (as discussed below), there generally will be no tax consequences as a result of a grant of restricted stock until the restricted stock is either no longer subject to a substantial risk of forfeiture or is transferable (free of the risk). Dividends paid on unvested shares, if retained by the grantee, will generally be treated as compensation income for U.S. federal income tax purposes (unless an 83(b) election has been made, as discussed below). Generally, when the restrictions are lifted, the holder will recognize ordinary income, and we will be entitled to a deduction, equal to the difference between the fair market value of the stock at that time and the amount, if any, paid by the holder for the restricted stock. Subsequently realized changes in the value of the stock generally will be treated as long-term or short-term capital gain or loss, depending on the length of time the shares are held prior to disposition of the shares. In general terms, if a holder makes an 83(b) election (under Section 83(b) of the Code) upon the award of restricted stock, the holder will recognize ordinary income on the date of the award of restricted stock, and we will be entitled to a deduction, equal to (1) the fair market value of the restricted stock as though the stock were (A) not subject to a substantial risk of forfeiture or (B) not transferable, minus (2) the amount, if any, paid for the restricted stock. If an 83(b) election is made, there will generally be no tax consequences to the holder upon the lifting of restrictions, and all subsequent appreciation in the restricted stock generally would be eligible for capital gains treatment. In the event of a forfeiture after an 83(b) election is made, no deduction or loss will be available, other than with respect to amounts actually paid for the stock.

Dividend Equivalents. There generally will be no tax consequences as a result of the award of a dividend equivalent. When payment is made, the holder of the dividend equivalent generally will recognize ordinary income, and we will be entitled to a deduction, equal to the amount received in respect of the dividend equivalent.

SARS. No income will be recognized at the time an SAR is granted. At the time an SAR is exercised, however, the holder will recognize ordinary income equal to the amount of cash and the fair market value of any shares received as a result of the exercise (less the amount paid for such shares, if any). If the SAR was granted in connection with employment, this taxable income would also constitute “wages” subject to withholding and employment taxes. We will receive an income tax deduction in an amount equal to the ordinary income that the participant recognizes upon exercise of the SAR.

Deferred Stock Awards. No income will be recognized at the time a Deferred Stock Award is granted. A participant who receives a Deferred Stock Award will recognize ordinary income equal to the amount of cash and the fair market value of any shares received upon settlement (generally, the vesting date). If the Deferred Stock Award was granted in connection with employment, this taxable income would also constitute “wages” subject to withholding and employment taxes. We will receive an income tax deduction in an amount equal to the ordinary income that the participant recognizes.

Section 409A. Section 409A of the Code imposes restrictions on nonqualified deferred compensation. Failure to satisfy these rules results in accelerated taxation, an additional tax to the holder of the amount equal to 20% of the deferred amount, and a possible interest charge. While certain Awards under the Plan could be subject to Section 409A of the Code, the Plan is intended to comply with the requirements of Section 409A, where applicable.

Other Tax Consequences. Section 162(m) of the Code contains special rules regarding the federal income tax deductibility of compensation paid to our chief executive officer and to each of our other four most highly compensated executive officers. The general rule is that annual compensation paid to any of these specified executives will be deductible only to the extent that it does not exceed \$1,000,000. The A&R Incentive Plan includes provisions that may permit certain types of awards to qualify for exceptions to the compensation deduction limit.

The foregoing is only a summary of the effect of federal income taxation on the grantee and us with respect to the grant and exercise of awards made under the A&R Incentive Plan, does not purport to be complete, and does not discuss the tax consequences of the grantee’s death or the income tax laws of any municipality, state or foreign country in which a grantee may reside.

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Plan Benefits

Benefits, if any, payable under the A&R Incentive Plan for 2017 and future years are dependent on the actions of the Compensation Committee and are therefore not determinable at this time. Our executive officers are eligible to receive awards under the Plan and, accordingly, our executive officers have an interest in this Proposal. In 2016, the following grants were made under the 2007 Omnibus Incentive Plan to the persons and groups listed below:

Name and Position	Stock Awards(1)	
	Number of Shares	Dollar Value (\$)
Donald A. Miller, CFA, Chief Executive Officer and President	135,140	2,885,893
Robert E. Bowers Executive Vice President and Chief Financial Officer	48,650	1,038,914
Raymond L. Owens Executive Vice President and Chief Investment Officer	18,920	404,034
Carroll A. Reddic, IV Executive Vice President—Real Estate Operations	18,920	404,034
Robert K. Wiberg Executive Vice President—Mid-Atlantic Region and Head of Development	18,920	404,034
All Executive Officer, as a group (10 persons)(2)	296,047	6,321,516
All Non-Employee Directors, as a Group	31,368	624,537
All Non-Executive Officer Employees, as a Group	139,585	2,811,939

(1)

In accordance with SEC rules, the stock awards presented in this table include the annual deferred stock grant and the estimated aggregate grant date fair value of the Performance Share Component of our 2016 LTIC program at target levels, even though there is no guarantee that any amounts will ultimately be earned by and paid to the executive. See “2016 Realized Pay Table” and “Stock Vested for 2016” tables for the the value of actual stock awards which vested during the year ended December 31, 2016.

(2)

Includes all persons who served as executive officers during 2016.

No Appraisal Rights in Connection with the Approval of the A&R Incentive Plan

Under Maryland law, stockholders will not have appraisal rights in connection with the proposal to adopt the A&R Incentive Plan.

Vote Required

Approval of the A&R Incentive Plan requires the affirmative vote of the holders of a majority of the votes cast thereon to pass. Abstentions and broker non-votes will not have an effect on the vote, but they will count toward the establishment of a quorum.

Our Board has determined it to be advisable and in the best interests of us and our stockholders to approve the A&R Incentive Plan. Our Board unanimously approved the form of the A&R Incentive Plan and recommends that you vote FOR the approval of the A&R Incentive Plan.

Consequences of Failure to Approve the A&R Incentive Plan

If the A&R Incentive Plan is not approved by our stockholders, it could materially adversely affect us because we could be deprived of the services of our senior management and the ability to provide the incentives necessary to attract qualified replacements and other personnel.

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CERTAIN INFORMATION ABOUT MANAGEMENT

Executive Officers

Name	Age	Position(s)
Donald A. Miller, CFA	54	Chief Executive Officer, President and Director
Robert E. Bowers	60	Executive Vice President and Chief Financial Officer
Laura P. Moon	46	Senior Vice President and Chief Accounting Officer
Raymond L. Owens	58	Executive Vice President and co-Chief Investment Officer*
Joseph H. Pangburn	56	Executive Vice President — Southwest Region
Thomas R. Prescott	59	Executive Vice President — Midwest Region
Carroll A. Reddic, IV	51	Executive Vice President — Real Estate Operations, Assistant Secretary
C. Brent Smith	41	Executive Vice President — Northeast Region and co-Chief Investment Officer*
George M. Wells	54	Executive Vice President — Southeast Region
Robert K. Wiberg	61	Executive Vice President — Mid-Atlantic Region and Head of Development

*

Mr. Owens has announced his retirement, effective June 30, 2017 at which time Mr. Smith will become Chief Investment Officer.

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

Robert E. Bowers has served as our Chief Financial Officer since 2007. A veteran of the public financial services industry, including having served as Chief Financial Officer for three other public companies, Mr. Bowers’ experience includes investor relations, debt and capital offerings, mergers and acquisitions, asset allocation, 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 Real Estate Funds, Inc. and was a Senior Vice President of Wells Capital. Mr. Bowers was Chief Financial Officer and Director of NetBank, Inc. (formerly NASDAQ: NTBK) from 1997 to 2002. From 1984 to 1996, Mr. Bowers was Chief Financial Officer and Director of Stockholder Systems, Inc. (formerly NASDAQ: SSIAA), an Atlanta, Georgia-based financial applications company and its successor, CheckFree Corporation (formerly NASDAQ:CKFR). Mr. Bowers has provided strategic financial counsel to a range of organizations, including venture capital funds, public corporations and businesses considering listing on a national securities exchange. Mr. Bowers is a member of NAREIT and a CPA who began his career in 1978 with Arthur Andersen & Company in Atlanta.

Laura P. Moon has served as our Senior Vice President and Chief Accounting Officer since 2007. She has over twenty five years of experience with accounting and reporting for public companies and at Piedmont she is responsible for all general ledger accounting, SEC and tax reporting functions. Prior to joining us, Ms. Moon had been Vice President and Chief Accounting Officer at Wells

Real Estate Funds, Inc. 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. (formerly NYSE: CPS) (since February 2008, a wholly-owned subsidiary of Reed Elsevier) and from 1999 to 2003 was Chief Accounting Officer for NetBank, Inc. (formerly NASDAQ: NTBK). Ms. Moon is a CPA and began her career in 1991 with Deloitte & Touche LLP.

Raymond L. Owens has served as our Executive Vice President and Chief Investment Officer (“CIO”) since March of 2016 after serving as our Executive Vice President — Capital Markets since 2007. Mr. Owens has announced that he intends to retire from Piedmont effective June 30, 2017, and as such, he currently shares joint CIO responsibility with C. Brent Smith (see biographical information below) for all acquisition, disposition and financing activities of our

company. Prior to joining us, Mr. Owens spent five years as a Managing Director — Capital Markets for Wells Real Estate Funds, Inc. where he oversaw its western regional acquisition team and its real estate finance team. Prior to joining Wells Real Estate Funds, Inc., Mr. Owens served as Senior Vice President for PM Realty Group from 1997 to 2002, overseeing all management operations in Atlanta, Washington, D.C., Chicago, and New York. Before joining PM Realty Group, Mr. Owens served as Vice President at General Electric Asset Management, where he managed and negotiated dispositions as well as third-party, nonrecourse financing for real estate assets. Mr. Owens is a member of NAREIM, NAIOP, and ULI.

Joseph H. Pangburn has served as our Executive Vice President — Southwest Region since 2014. In this

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capacity, he is responsible for overseeing Piedmont's Southwest Region operations, comprised of approximately 2.5 million square feet principally located in Texas, including all development, leasing, asset management and transactional activity. A native of Dallas, Mr. Pangburn has approximately 30 years of real estate experience, including acquisitions, asset management, development, real estate loan restructuring, and workouts, most notably in the office and industrial sectors. Prior to his promotion to his current position in 2014, Mr. Pangburn had been responsible for the leasing and asset management activities for the Company's Western Region portfolio since 2007. From 2001 to 2007, Mr. Pangburn was Director of Acquisitions at Wells Real Estate Funds, Inc. and his career also includes tenures at Lend Lease Real Estate Investments, Inc. and Prentiss Properties Limited, Inc. Throughout his career, his activities and experience have been concentrated on properties located in the western United States, and specifically in Texas. Mr. Pangburn is a member of the Office Development Council of ULI.

Thomas R. Prescott has served as our Executive Vice President for the Midwest Region since 2014 and is responsible for all leasing, asset management, acquisitions, dispositions and development projects for Piedmont's Midwest Region, which is comprised of approximately 3.7 million square feet located primarily in metropolitan Chicago and Minneapolis. From 2009 to 2014, Mr. Prescott served as President of Metropolis Investment Holdings Inc., a Chicago-based investor and owner of Class A office properties, where he was responsible for overseeing the leasing, management and overall performance of the firm's 6 million square foot portfolio. Mr. Prescott has had a distinguished career focused on the acquisition, leasing, development, and management of office, industrial and mixed-use properties throughout the United States and Canada, including tenures at Forest City Enterprises and Higgins Development Partners (formerly Walsh, Higgins & Company). Earlier in his career, he also served as Senior Vice President of The Shaw Company where he oversaw the firm's brokerage and management operations and developed multiple office buildings, hotels, a research park and a 700-unit retirement community. Mr. Prescott is a recognized real estate industry leader and a member of NAIOP and ULI.

Carroll A. ("Bo") Reddic, IV has served as our Executive Vice President for Real Estate Operations since 2007. His responsibilities include leading our company's asset and property management divisions. Additionally, he provides oversight to our company's construction management team with regard to tenant build outs and oversight to our tenant relationship function. From 2005 to 2007, Mr. Reddic was a Managing Director in the Asset Management Department at Wells Real Estate Funds, Inc.,

where he was responsible for supervising the firm's asset management function in its Midwest and South regions. Prior to joining Wells Real Estate Funds, Inc., Mr. Reddic was an Executive Director with Morgan Stanley (including the predecessor companies of The Yarmouth Group and Lend Lease Real Estate Investments) from 1990 to 2004, where he served as portfolio manager for domestic commingled investment funds and international separate account portfolios. Mr. Reddic is a member of NAIOP, ULI, Building Office Managers Association, and CoreNet Global. Additionally, Mr. Reddic is Vice Chairman of the board for the Georgia BOMA Foundation; and an executive committee member of the board for the Office Technology and Operations Consortium.

C. Brent Smith serves as co-CIO as well as Executive Vice President of our Northeast Region. He currently shares joint responsibility with Raymond L. Owens (see biographical information above) for all acquisition, disposition and financing activities of our company, and will succeed Mr. Owens as CIO, effective June 30, 2017. In addition, he is also responsible for all leasing, asset management, acquisitions, dispositions and development activity for the Company's approximately 3.6 million square foot New York/New Jersey and Boston area portfolios. Prior to joining Piedmont in 2012, Mr. Smith served as an Executive Director with Morgan Stanley in the Real Estate Investment Banking division advising a wide range of public and private real estate clients in both New York and Singapore on over \$100 billion of transactions and financings. He brings over ten years of corporate- and property-level real estate acquisitions experience in both North America and Asia. Prior to receiving his MBA with a concentration in Real Estate Finance from Columbia Business School, Mr. Smith worked in the Strategy and Business Architecture group at Accenture.

George M. Wells serves as Executive Vice President of our Southeastern Region. As such, he oversees all acquisition and development opportunities, as well as leasing and property management activity for eighteen Class A office buildings totaling approximately 4.8 million square feet primarily located in Atlanta and Orlando. Mr. Wells has over 30 years of commercial real estate experience including approximately thirteen years of service in various asset management roles across Piedmont's portfolio and with its former advisor, Wells Real Estate Funds, Inc. Prior to

joining Wells Real Estate Funds, Inc., Mr. Wells experience included tenures with Lend Lease Real Estate Investments and Equitable Real Estate as a senior asset manager. Mr. Wells is a member of NAIOP. Robert K. Wiberg serves as Executive Vice President for the Mid-Atlantic Region and Head of Development. Mr. Wiberg is responsible for all leasing, property management, asset management, acquisitions and

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dispositions in the Mid-Atlantic Region, as well as all development projects nationwide. Piedmont's Mid-Atlantic Region is comprised of over 3 million square feet of office space located primarily in the metropolitan Washington, D.C. area. Prior to his employment with Piedmont in 2012, Mr. Wiberg was employed by Brandywine Realty Trust as EVP for their Metro Washington, D.C. region and also oversaw their California markets for a portion of that time.

From 1997 to 2006, he was EVP for the Mid-Atlantic region for Prentiss Properties. Mr. Wiberg has had an extensive career focused on office leasing and development, including tenures at Cadillac Fairview and Coldwell Banker (now CBRE), garnering expertise in the Los Angeles, CA; Dallas,

TX; and Atlanta, GA markets, among others. As a recognized industry leader, he has served on the board of directors of the Northern Virginia Chapter of NAIOP and currently serves on the board of the Arlington Partnership for Affordable Housing. Mr. Wiberg earned his B.A. from Cornell University, an MBA from the University of California at Berkeley, and a Master of City and Regional Planning degree from Harvard University.

There are no family relationships among our directors or executive officers. Officers are elected annually by our board of directors. The board of directors retains the power to remove any officer at any time.

TABLE OF CONTENTSINFORMATION REGARDING THE BOARD OF
DIRECTORS AND COMMITTEES

Leadership Structure

Our current nine member board of directors is comprised of eight independent members and our Chief Executive Officer. Each of our board members is subject to re-election on an annual basis. We do not divide our directors into classes or stagger terms. Our current Chairman of the Board, Michael R. Buchanan, is approaching his 15-year term limit and as such, will retire from our Board at the 2017 Annual Meeting, at which point the size of the Board will be reduced to eight members. The Chairman is elected by the board of directors on an annual basis and presides at regularly scheduled executive sessions of the independent directors. The board currently has no formal policy with respect to the separation of the positions of Chairman of the Board and Chief Executive Officer; however, the board believes that the separation of the positions is in our best interests as it provides leadership for the independent board and the benefit of additional support, experience and oversight for the management team.

Board Committees

Our board of directors has established four standing committees: the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, and the Capital Committee. Each of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee complies 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.

Board Committee	Chairman	Members
Audit Committee	Raymond G. Milnes, Jr.*	Kelly H. Barrett* Michael R. Buchanan Dale H. Taysom Wesley E. Cantrell
Compensation Committee	Frank C. McDowell	Barbara B. Lang Jeffrey L. Swope Kelly H. Barrett
Nominating & Corporate Governance Committee	Wesley E. Cantrell	Barbara B. Lang Frank C. McDowell Michael R. Buchanan
Capital Committee	Jeffrey L. Swope	Raymond G. Milnes, Jr. Dale H. Taysom

*

Designated as an Audit Committee financial expert.

The Audit Committee

Our board of directors has established a standing Audit Committee comprised of Messrs. Milnes (Chairman), Buchanan, Taysom, and Ms. Barrett. 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 Securities Exchange Act of 1934, as amended (the “Exchange Act”), and applicable rules and regulations of the SEC, all as in effect from time to time, as well as the independent director requirements set forth in our Corporate Governance Guidelines. The board of directors has determined that

Mr. Milnes and Ms. Barrett both satisfy the requirements of 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. The primary responsibilities of the Audit Committee, as set forth in the committee’s charter, include the following:

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

maintaining a free and open means of communication among our independent registered public accounting firm, our management, our internal audit department and our board of directors;

reviewing and discussing with management the Company's earnings and dividend press releases, as well as financial information, earnings or dividend guidance provided to the analysts and rating agencies;

reviewing and discussing with management and the independent registered public accounting firm 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 registered public accounting firm 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 registered public accounting firm;

pre-approving all auditing services, and all permitted non-audit services, performed for us by the independent registered public accounting firm; and

overseeing our code of business conduct and ethics.

During 2016, the Audit Committee held six meetings.

The Compensation Committee

The board of directors has established a standing Compensation Committee. The members of the Compensation Committee are Messrs. McDowell (Chairman), Cantrell, and Swope, and Ms. Lang. The members of the Compensation Committee are all independent directors who meet the current independence requirements of the NYSE, as well as the independent director requirements set forth in our Corporate Governance Guidelines 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." The Compensation Committee operates pursuant a written charter adopted by our board of directors, a copy of which is available on our website at www.piedmontreit.com. The primary responsibilities of the

Compensation Committee, as set forth in the committee's charter include the following:

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

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

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

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

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

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

administering our 2007 Omnibus Incentive Plan;

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

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

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

Our Compensation Committee met five times during 2016.

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The Nominating and Corporate Governance Committee

Our board of directors has established a standing Nominating and Corporate Governance Committee, which is comprised of Messrs. Cantrell (Chairman) and McDowell, and Mss. Barrett and Lang. The members of the Nominating and Corporate Governance Committee are all independent directors who meet the current independence requirements of the NYSE, as well as the independent director requirements set forth in our Corporate Governance Guidelines. 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. The primary responsibilities of the Nominating and Corporate Governance Committee, as set forth in the committee's charter include:

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

evaluating the independence of candidates for the board of directors;

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

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

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

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

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

The Nominating and Corporate Governance Committee is also responsible for reviewing stockholder communications and responding to inquiries concerning our governance practices, business ethics and corporate conduct. During 2016, the Nominating and Corporate Governance Committee held four meetings.

The Capital Committee

Our board of directors has established a Capital Committee, which is comprised of Messrs. Swope (Chairman), Buchanan, Milnes, and Taysom. 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 and disposition policies, general economic environment in various real estate markets, existing or prospective properties or tenants, and portfolio

diversification goals.

During 2016, the Capital Committee met four times.

Board Membership Criteria

The Nominating and Corporate Governance Committee annually reviews with the board of directors the appropriate experience, skills and characteristics required of directors, both in the context of the current membership of the board as well as in the context of potential turnover of the existing board. The review includes consideration of the following characteristics in the context of the perceived needs of the board at the time:

financial expertise;

chief executive or chief financial officer experience (with a preference for REIT-specific experience);

public company experience;

industry specific knowledge;

strategic planning experience or expertise;

experience mentoring top level leaders;

general management experience;

real estate development/ construction expertise;

investment banking experience;

racial and/or gender diversity;

legal expertise;

risk management expertise;

marketing expertise; and

international experience.

The board considers all of these characteristics when assessing candidates for board membership. Other considerations included in both the annual assessment of existing members and the assessment of new candidates

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include the candidate or incumbent's status as an independent director, the ability of the candidate or incumbent to attend board meetings regularly and to devote an appropriate amount of effort in preparation for those meetings, and whether the candidate's knowledge and experience of a particular aspect of the real estate industry or particular skill set is additive to the existing experience or skill sets of incumbent members of the board. While we have not adopted a formal policy regarding diversity of our board, in selecting nominees, the Nominating and Corporate Governance Committee considers the diversity of experience (particularly with regard to different facets of the real estate industry), qualifications, attributes and skills that a potential nominee would bring to the board. Although a number of our directors are retired, it is also 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 active in their occupation, profession, or community.

Term Limits

Our Corporate Governance Guidelines provide that the board of directors will not nominate for re-election any non-employee director who has served 15 years or more prior to the applicable election, subject to exceptions granted by the board of directors. Mr. Buchanan will not be standing for re-election in May 2017 as he will have served almost 15 full years on the board at the time of the annual meeting.

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.

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

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

In evaluating candidates for director, 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, including the factors discussed above under "Board Membership Criteria".

Board Self-Evaluation Process

Annually, the board of directors undertakes a robust self-evaluation process which is administered by the Nominating and Corporate Governance Committee with the assistance of outside counsel. Members of the Board complete a detailed, confidential questionnaire which provides for ratings in key areas and also seeks subjective comments. Outside counsel collects and analyzes the data and reports the results and information compiled from the questionnaires to the Nominating and Corporate Governance Committee. Comments pertaining to particular Board Committees are shared with each respective Committee chairperson, and comments regarding the full Board are shared with the full Board. Matters requiring follow up are addressed by the Chairman of the Nominative and Corporate Governance Committee, the Chairman of the Board, or Chairman of the applicable Board Committee, as appropriate.

Majority Voting Policy

Our Corporate Governance Guidelines include a majority voting policy for the election of non-employee directors. Pursuant to this policy, in an uncontested election of directors, any non-employee nominee who receives a greater number of votes withheld from his or her election than votes for his or her election will promptly tender his or her

resignation for consideration by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee will promptly consider the resignation offer and make a recommendation to the board of directors. The board will act on the Nominating and Corporate Governance Committee's recommendation within 90 days following the certification of the stockholder vote. We will publicly disclose, in a Form 8-K furnished to the SEC, the board's

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decision regarding whether to accept the resignation offer. Any director who tenders his or her resignation will not participate in the committee or board deliberations regarding such matter.

Risk Oversight

The board of directors is involved in risk oversight through direct decision-making authority on significant matters as well as through the oversight of management and appropriate advice and counsel from legal, financial, and compensation advisors. In particular, the board of directors manages risk by reviewing and discussing periodic reports with management including, but not limited to, reports detailing Piedmont's concentrations of geographic, tenant, industry, and lease expiration risk. Through its various committees, the board monitors acquisition, disposition, leasing and investing activities and has delegated authority to the appropriate levels of management to carry out such activities with appropriate governance reporting at respective committee meetings.

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

Director Independence

The NYSE requires each NYSE-listed company to have a majority of independent board members and a nominating/corporate governance committee, compensation committee and audit committee each comprised solely of independent directors. Our board of directors has adopted the NYSE independence standards as part of its Corporate Governance Guidelines.

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

Kelly H. Barrett

Michael R. Buchanan

Wesley E. Cantrell

Barbara B. Lang

Frank C. McDowell

Raymond G. Milnes, Jr.

Jeffrey L. Swope

Dale H. Taysom

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

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

Attendance

Our board of directors met eleven times during 2016, either in person or telephonically, and each member of the board of directors attended in excess of 75% of the 2016 board and committee meetings on which such director served.

We do not have a formal policy with regard to board member attendance at our annual stockholder meetings. In 2016, all of the members of our board of directors who were directors at the time of our 2016 annual meeting of stockholders attended the annual meeting of stockholders either telephonically or in person.

Communications with Stockholders or Other Interested Parties

We have established several means for stockholders or other interested parties 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

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relates to our governance practices, business ethics or corporate conduct, the concern may be submitted in writing to the Chairman of our Nominating and Corporate Governance Committee in care of our Secretary at our headquarters address. If a stockholder is uncertain as to which category his or her concern relates, he or she may communicate it to any one of the independent directors in care of our Secretary at our headquarters address. Stockholders or other interested parties who wish to communicate with our Chairman or with the non-management directors as a group may do so by writing to our Chairman at our headquarters address.

Corporate Governance Guidelines and Code of Ethics

Our board of directors, upon the recommendation of the Nominating and Corporate Governance Committee, has adopted Corporate Governance Guidelines establishing a common set of expectations to assist the board of directors in performing their responsibilities. The

Corporate Governance Guidelines, which meet the requirements of the NYSE's listing standards, address a number of topics, including, among other things, director qualification standards, director responsibilities, the responsibilities and composition of the board committees, director access to management and independent advisers, director compensation, and evaluations of the performance of the board. Our board of directors has also adopted a Code of Ethics, including a conflicts of interest policy, that applies to all of our directors and executive officers including our principal executive officer, principal financial officer, principal accounting officer and persons performing similar functions. The Code of Ethics meets the requirements of 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. Any amendments to, or waivers of, the Code of Ethics will be disclosed on our website promptly following the date of such amendment or waivers.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following Compensation Discussion and Analysis explains our compensation philosophy, objectives, policies and practices and the decisions made with respect to compensation for 2016 for our Chief Executive Officer, Chief Financial Officer and our three other most highly compensated executive officers, whom we refer to collectively as our Named Executive Officers (“NEOs”), as determined in accordance with applicable SEC rules.

Executive Summary

2016 was an excellent operational year for Piedmont as we substantially met or exceeded almost all of the quantitative metrics that had been established by the board at the beginning of the year. Total leasing volume reported for the year was robust, especially considering the low 2016 lease expiration schedule, which improved the Company’s overall leased percentage to 94.2% as of December 31, 2016, a 270 basis points increase over the previous year end. Core FFO per diluted share (which is one of the performance metrics for our incentive plans) for the year ended December 31, 2016 was \$1.67 per share, a 4% increase over the previous year and above the original range for 2016, despite the sale of 18 properties (and the loss of their corresponding contribution to Core FFO) since January 1, 2015, including the sale of our then-largest asset, Aon Center, during the fourth quarter of 2015.

Overall transactional activity remained at historically high levels as we furthered our strategy of concentrating our assets in select submarkets located primarily within eight major U.S. office markets. During the year ended December 31, 2016, we sold nine assets and used the net sales proceeds to reduce our total debt outstanding, to repurchase shares of our common stock, and to acquire five assets located in our strategic markets.

Our Total Stockholder Return (“TSR”) was in the third quartile relative to our peer group (see Market Reference Data below) for 2016. Despite strong performance during the first half of the year, we ended the year at the 29th percentile, as interest rate fears and election results took center stage.

For 2016, our Compensation Committee and the board of directors unanimously approved achievement of the board discretion component of our NEOs Short-Term Incentive Compensation Plan (“STIC Plan”) at the target level. The Compensation Committee and the board of directors relied heavily on the extensive set of strategic and operating goals/metrics described under “Short Term

Incentive Compensation” below that were established at the beginning of the year. The Compensation Committee and the board noted that the management team had performed well against targets that were considered challenging by substantially meeting or exceeding eight of the nine predefined targets, only missing the pre-set disposition target. Consequently, the Compensation Committee determined that the award of the target for the discretionary component was appropriate. The target award for the board discretion component combined with the out performance in various quantitative performance measures resulted in the payment of STIC awards for 2016 of 26% above target for our CEO and 14% above target for our other NEOs.

During the year ended December 31, 2016, our Compensation Committee also made deferred stock awards pursuant to our 2015 Long Term Incentive Compensation (“LTIC Plan”). For the three-year performance period ended December 31, 2015, our TSR ranked at the 25th percentile compared to our peers, resulting in a payout of 50% of target for the performance share component of our LTIC plan. For the annual deferred stock component of our LTIC plan, we performed above target for two of the three quantitative metrics as set forth under “Annual Deferred Stock Grant” below, and only missed the third as a result of additional expense that had to be recognized related to accruals for the Company’s performance share plan as a result of strong 2015 stock performance. In recognition of an excellent year of operations and the significant improvement in the Company’s TSR, the Compensation Committee and board of directors unanimously approved achievement of the board discretion component of the 2015 Long Term Incentive Compensation (“LTIC”) Plan at above target level. The 2015 LTIC deferred stock awards were approved in May 2016. Consideration of “Say on Pay” Voting Results and Compensation Best Practices

In conjunction with our 2016 annual meeting, we held a stockholder advisory vote on the compensation of our NEOs for 2015. Our stockholders overwhelmingly approved the compensation of our NEOs, with approximately 98% of stockholder votes cast in favor of our “say on pay” resolution. Based on these results, we believe our programs are effectively designed and working well in alignment with the interests of our stockholders. Further, we believe that our compensation programs include a number of best practices such as:

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Our compensation of our Chief Executive Officer generally places a greater emphasis (82%) on variable, performance-based compensation than typical market practice;

61% of our Chief Executive Officer's pay opportunity is in the form of long-term, equity based compensation;

Approximately 50% of the target for our LTIC Plan is delivered in the form of performance shares which are earned based on our multi-year TSR relative to our peers;

All of our short-term and long-term incentive programs contain caps on payouts and minimum thresholds for awards and our Compensation Committee reserves the right to decrease payouts in their discretion;

The quantitative metrics of all of our incentive-based pay programs are tied to operational, financial, or market performance measures derived from our annual business plan;

Our employment agreements with our CEO and CFO contain "clawback" provisions which require them to reimburse us for incentive-based compensation they have received 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 (see "Executive Clawback Provisions" for further details);

Our NEOs and Directors are required to meet stock ownership guidelines;

Our Insider Trading Policy prohibits hedging and pledging of our stock by our executive officers and directors;

We award minimal perquisites and no supplemental executive benefits to our NEOs; and

We do not provide tax gross ups to our NEOs.

As a result of the above considerations, our Compensation Committee decided to retain our general approach to executive compensation for 2016, which links the compensation of our NEOs to our operating objectives and emphasizes the enhancement of total stockholder return.

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 individual and company goals, including, among others, TSR relative to a comparative peer group as further described below.

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 NEO;

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; and

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

Compensation Committee Members, Independence and Responsibilities

Our executive compensation program is administered by the Compensation Committee of our board of directors. The members of the Compensation Committee currently include Frank C. McDowell (Chairman), Wesley E. Cantrell, Barbara B. Lang, and Jeffrey L. Swope, all of whom are independent directors, and all of whom meet the enhanced independence requirements applicable to Compensation Committee members under NYSE listing standards.

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

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

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

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

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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 NEOs 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.

Role of the Compensation Consultant

To assist in carrying out its responsibilities, the Compensation Committee utilized the services of FTI Consulting, Inc. ("FTI"), a nationally recognized compensation consulting firm, to assist it in establishing our 2016 compensation plans and analyzing competitive executive compensation levels for 2016. FTI was not engaged by management to perform any work on its behalf during 2016 and the Compensation Committee considered FTI to be independent with regard to services performed on its behalf during 2016.

During 2016, FTI provided advice and recommendations regarding our short and long term incentive compensation plans for our employees, including our NEOs. In addition, FTI provided our Compensation Committee input on our director compensation program, competitive market compensation data and recommendations for target pay levels for each component of our 2016 executive compensation program.

The FTI compensation consultant periodically attends Compensation Committee meetings as requested by the Compensation Committee and consults with our Compensation Committee Chairman, our Director of Human Resources, our Chief Executive Officer, and our Chief Financial Officer as directed by the Compensation Committee on compensation related issues.

Compensation Consultant Independence Assessment

During 2016, the Company requested and received information from FTI addressing its independence and potential conflicts of interest, including the following factors: (1) other services provided to us by the consultant; (2) fees paid by us as a percentage of the consulting firm's total revenue; (3) policies or procedures maintained by the consulting firm that are designed to prevent a conflict of interest; (4) any business or personal relationships between the individual consultants involved in the engagement and a member of the Compensation Committee; (5) any company stock owned by the individual consultants involved in the engagement; and (6) any business or personal relationships between our executive officers and the consulting firm or the individual consultants involved in the engagement. Based on an assessment of these factors, including information gathered from directors and executive officers addressing business or personal relationships with the consulting firm or the individual consultants, the Compensation Committee concluded that FTI is independent and that the work of FTI did not raise any conflict of interest.

Role of Executive Officers in Compensation Decisions

Our Chief Executive Officer reviewed the performance of each of the other NEOs and considered the recommendations of the FTI consultant with regard to each of the other NEOs. Based on this review and input, he made compensation recommendations to the Compensation Committee for all of the NEOs 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 FTI. The Compensation Committee retains full discretion to set all compensation for the executive officers.

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Market Reference Data

In November 2016, FTI provided our Compensation Committee with a competitive market analysis of our NEOs' pay level relative to the practices of a peer group of 13 public REITs. The peer group includes companies that either primarily invest in office properties or are diversified REITs whose portfolio includes significant office assets. In addition, companies that were recommended were generally no less than half the size and no more than twice as large as Piedmont and are within guidelines used by Institutional Shareholder Services. The following table provides the names and estimated financial information for each peer company at the time the Compensation Committee reviewed the market data in November 2016:

(\$ in millions)

Company	Implied Equity Market Capitalization (\$)	Total Enterprise Value (\$)	Total Revenue (\$)	Sector
Brandywine Realty Trust	2,704.3	4,575.5	547.4	Office
Columbia Property Trust, Inc.	2,696.6	4,445.3	524.9	Office
Corporate Office Properties Trust	2,722.0	5,045.2	584.3	Office
Cousins Properties Incorporated	3,076.0	3,854.0	375.7	Office
Douglas Emmett, Inc.	6,327.2	10,530.9	676.3	Office
Equity Commonwealth	3,823.7	3,731.8	580.6	Office
Highwoods Properties, Inc.	5,194.7	7,321.1	643.8	Office
Hudson Pacific Properties, Inc.	4,820.0	7,098.0	614.1	Office
Kilroy Realty Corporation	6,653.6	9,273.4	594.5	Office
Mack-Cali Realty Corporation	2,615.9	4,864.6	594.8	Office
Paramount Group, Inc.	4,179.5	7,317.9	683.5	Office
Parkway Properties, Inc.	1,950.1	3,655.9	442.5	Office
Washington Real Estate Investment Trust	2,217.1	3,460.8	313.9	Diversified
Median	3,076.0	4,864.6	584.3	
Piedmont Office Realty Trust, Inc.	3,045.5	4,909.7	561.6	Office

The above companies are consistent with the peer group used for market comparison in 2015. In general, Piedmont approximates the median in terms of implied equity market capitalization and total enterprise value as compared to the peer group.

We apply our compensation policies to all of our NEOs on the same basis, with differences in compensation opportunities between each of our executive officers reflecting each of the officers' roles, responsibilities and personal performance within our Company, as well as market pay practices. In November 2016, FTI provided our Compensation Committee with an analysis of each of our NEO's 2016 target pay opportunity and 2015 reported pay relative to the compensation paid to executives employed by the peer group above in comparable positions to each of our NEOs. The analysis utilized the most recently filed proxy for each company in the peer group and FTI's proprietary compensation database. Additionally, for each of our EVPs, other than our Chief Financial Officer, supplemental peer group data for applicable benchmark peers based on FTI's proprietary compensation database was utilized in the analysis. Benchmark peer data used to compare each of our NEOs compensation was as follows:

Total 2016 Benchmark Compensation(1)

(in thousands)		25th Percentile	50th Percentile	75th Percentile	Average
Chief Executive Officer	Peer Group	\$ 3,400	\$ 4,779	\$ 8,190	\$ 6,051
Chief Financial Officer	Peer Group	\$ 1,566	\$ 2,273	\$ 3,118	\$ 2,398

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EVP and Chief Investment Officer	Peer Group	\$ 1,435	\$ 1,844	\$ 2,650	\$ 1,957
	Supplemental Position	\$ 610	\$ 1,023	\$ 1,333	\$ 1,037
EVP — Real Estate Operations	Peer Group	\$ 834	\$ 949	\$ 1,132	\$ 1,194
	Supplemental Position	\$ 560	\$ 820	\$ 1,253	\$ 869
EVP — Mid-Atlantic Region and Head of Development	Peer Group	\$ 1,003	\$ 1,276	\$ 1,712	\$ 1,447
	Supplemental Position	\$ 799	\$ 989	\$ 1,305	\$ 1,067

(1)

Total 2016 Benchmark Compensation includes base salary, annual short-term cash incentive, eligible long-term equity incentives and other miscellaneous income and is based on 2015 compensation reported by peer companies.

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Other Compensation Committee Considerations

In addition to considering market reference data set forth above in making decisions about our NEOs' compensation opportunities and actual compensation to be paid, the Compensation Committee 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 NEO during their tenure with Piedmont.

Employment Agreements with our Named Executive Officers

We are currently party to employment agreements with each of our NEOs, other than Mr. Wiberg, that were originally put in place in 2007 and renew annually unless either party gives 90 days written notice prior to the end of the renewal term or his employment otherwise terminates in accordance with the terms of the agreement. Significant terms include executive clawback provisions for our CEO and CFO and severance in the event of certain circumstances as further described below:

Executive Clawback Provisions. 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' 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 incentive-based (whether cash 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.

Severance. Each of our NEOs that is subject to an employment agreement 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 these severance payments were an important factor in attracting the NEOs to join our Company in 2007 and are an important factor in retaining our NEOs. The agreements with our NEOs do not provide for tax "gross ups" in the event such payments are made.

Elements of 2016 Executive Compensation

Base salaries and target short-term cash incentive compensation (expressed as a percentage of their base salary) for the NEOs for 2016 were as follows:

Name and Position	2016 Annual Base Salary	Annual Short-Term Cash Incentive Compensation as a % of Base Salary		
		Threshold	Target	Maximum
Donald A. Miller, CFA Chief Executive Officer	\$ 720,000	75%	120%	200%
Robert E. Bowers Chief Financial Officer	\$ 450,000	50%	100%	150%(1)
Raymond L. Owens Chief Investment Officer	\$ 290,000	35%	70%	105%
Carroll A. Reddic, IV EVP — Real Estate Operations	\$ 275,000	35%	70%	105%
Robert K. Wiberg EVP — Mid-Atlantic Region	\$ 320,000	31.25%	62.5%(1)	93.75%

(1)

Mr. Bowers' Maximum STIC opportunity and Mr. Wiberg's Target STIC opportunity were adjusted for 2016 to better align their respective compensation opportunity with other Executive Vice Presidents of the Company.

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 NEO'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;

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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; and

individual performance of each NEO during the preceding calendar year.

For 2016, FTI recommended that base salaries remain flat for our CEO and that salaries for each of the other NEOs be increased in-line with anticipated market adjustments of 3-5%. These recommendations, however, were without the benefit of the board's and CEO's feedback regarding individual performance. Our Compensation Committee has determined the board will review salary levels every 2-4 years; therefore, after considering the data provided by FTI as well as CEO feedback regarding individual performance, all of our NEOs' salaries remained flat for 2016, with the exception of Mr. Owens who received a mid-year, 5.5% salary increase upon his promotion to Chief Investment Officer during 2016.

Short-Term Cash Incentive Compensation Plan. We provide an annual STIC Plan which sets forth target cash incentive payments for each of our NEOs as a percentage of base salary. The actual amounts earned under the STIC Plan may be greater or less than the NEO's respective target based on actual performance against the performance goals established by the Compensation Committee at the beginning of each year, as well as assessment of each NEO's personal contributions and performance for the year. All of the performance measures established by the Compensation Committee for 2016 were based on specific corporate metrics measured on a quantitative basis, with the exception of the Board Discretion/Individual Performance measure which the Compensation Committee considered on a qualitative basis. Those qualitative considerations included, but were not limited to, the CEO's assessment of each NEO's performance other than his own. The performance goals that the Compensation Committee established for each of the quantitative metrics were derived from critical components of our annual business plan for the year and were considered achievable, but not without above average performance. The following table sets forth the target performance goals, actual performance, and relative weighting of each of the performance measures established by the Compensation Committee for the 2016 STIC Plan:

Performance Measure	Target Performance Goal	Actual Performance	Over (Under) Performance	Relative Weighting
Core FFO per share to Budget	\$ 1.599	\$ 1.672	4.5%	20.00%
Balance Sheet Management:				
Payoff \$167.5m of secured debt (in millions)	Achieve or not	Achieved	Achieved	3.33%
Maximum Percentage of Debt to Gross Asset Value	less than or equal to 40% at end of year	36.9%	Achieved	3.33%

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Ladder maturities (excludes line of credit)	less than or equal to 25% per annum	less than or equal to 25% per annum	Achieved	3.34%
Weighted Average Committed Capital Per Square Foot Leased Relative to Budget	\$ 6.92	\$ 5.18	25.2%	10.00%
Leasing Targets (in 000s of square feet):				
New Leasing	1,154	1,105	(4.3)%	15.00%
Renewal Leasing	603	698	15.8%	10.00%
Capital Allocations/ Markets (in millions)				
Acquisitions	\$ 350.0	\$ 349.8	(0.1)%	10.00%
Dispositions	\$ 556.0	\$ 331.8	(40.3)%	5.00%
Board Discretion/ Individual Performance	Qualitative	Qualitative	Achieved Target	20.00%
Total				100.00%

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Core FFO performance relative to Budget is a non-GAAP financial measure that is considered important because our ability to meet consensus estimates of Core FFO is a factor when equity analysts value, or when present or potential stockholders make investment decisions about, our securities. See the definition of Core FFO and the reconciliation of Net income attributable to Piedmont to Core FFO on pages 35 and 36 of our Annual Report on Form 10-K for the year ended December 31, 2016.

Balance Sheet Management is important because maintaining the appropriate capital structure, including the magnitude of total debt, mix of unsecured vs secured debt, impact upon Net Debt to EBITDA ratio, compliance with debt covenants, debt to gross assets ratio, and laddering of maturities is critical to the overall financial strength of the Company. Additionally, as a Real Estate Investment Trust (“REIT”), we are required to pay out 90% of our taxable income each year in the form of dividends to our stockholders. Therefore, we must constantly manage credit ratios and pro actively seek new sources of capital for our Company which requires careful management of the magnitude, timing, and cost of our borrowings.

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 Core FFO. The target performance level for this metric is based on goals for commitments that are market specific and the weighted average performance goal is a function of the level of actual leasing activity in our respective markets.

Leasing Targets are important as managing lease renewals, leasing up vacant space, and keeping our portfolio as fully leased as possible directly impacts our cash flow, financial results, and value of our equity securities.

Capital Allocations/Markets refers to how we allocate our capital resources, whether it be to acquire new properties or to repurchase shares of our common stock, and is important because it impacts the overall composition and quality of our portfolio of assets, as well as our competitiveness within each of our markets. The quality of our portfolio and our management team’s ability to allocate capital resources effectively are two factors that equity analysts and present or potential stockholders consider when they assess our overall enterprise value.

The Board Discretion component is considered important as it allows the Compensation Committee to appropriately reward aspects of the management team’s or individual’s performance that may not be captured through the use of the quantitative metrics. For 2016, our Compensation Committee and the board of directors unanimously approved achievement of this component at the target level. The Compensation Committee and the board of directors relied heavily on the extensive set of strategic and operating goals/metrics that were established at the beginning of the year. The Compensation Committee and the board noted that the management team had performed well against targets that were considered challenging by substantially meeting or exceeding eight of the nine predefined targets, only missing dispositions. Consequently, the Compensation Committee determined that the award of the target for the discretionary component was appropriate.

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Actual awards are calculated based on performance against the above metrics according to the following scale:

Measure	Adjustment Factor	Incentive Available to be Earned Based on Actual Performance (as a Percentage of Target)		Relative Weighting
		Threshold	Maximum(1)	
Core FFO per share to Budget	Every 1% variance in performance increases or decreases the targeted award by 10%, based on relative weighting	50%	150%	20%
Balance Sheet Management	Individual metrics are measured as “Achieved” resulting in full target payout or “Not Achieved” resulting in no payout; however, if all metrics are achieved, then the maximum award is deemed earned	100%	150%	10%
Weighted Average Committed Capital Per Square Foot Leased Relative to Budget	Every 1% variance in performance increases or decreases the targeted award by 5%, based on relative weighting	50%	150%	10%
Leasing Targets	Every 1% variance in performance increases or decreases the targeted award by 2%, based on relative weighting	50%	150%	25%
Capital Allocations/ Markets	Every 1% variance in performance increases or decreases the targeted award by 2%, based on relative weighting	50%	150%	15%
Board Discretion/ Individual Performance	Qualitative			20%

(1)
200% in the case of the CEO.

In February 2017, after (i) reviewing the results of the quantitative performance measures as set forth in the table above; (ii) considering the CEO’s assessment of each of the other NEO’s performance; and (iii) assessing the CEO’s performance, the Compensation Committee determined actual awards for the 2016 performance period for each individual NEO as follows:

Name	2016 Target Annual Incentive for NEOs (\$)	2016 Actual Annual Incentive for NEOs (\$)
Mr. Miller	864,000	1,088,044
Mr. Bowers	450,000	521,690
Mr. Owens	203,000	235,000
Mr. Reddic	192,500	220,000

Mr. Wiberg	200,000	230,000
Total	1,909,500	2,294,734

Long-Term Incentive Compensation Plan. The objective of our 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 NEOs, as well as our broader employee base, to balance long-term company performance with short-term company goals and to foster employee retention.

To date, LTIC awards have only been granted in the form of performance shares or deferred stock units pursuant to the 2007 Omnibus Incentive Plan approved by our stockholders. The Compensation Committee has determined that, as a REIT, the grant of such awards is appropriate because our high dividend distribution requirements lead to a significant portion of our total stockholder return being delivered through our dividends. Although our 2007 Omnibus Incentive Plan permits the issuance of other types of equity awards, including stock options, we have never issued stock options to any of our employees, including our NEOs, and anticipate that any future equity awards granted will continue to be similar in form to our previous awards. Further, our Compensation Committee has prohibited the cash buyout of underwater options, should any options ever be issued. Although we have not attached specific holding periods for our equity-based awards, in general our equity-based awards vest or are earned over a three year period. In addition, each of our executive officers, including our NEOs, is subject to stock ownership requirements (see Stock Ownership Guidelines below). We feel that appropriately designed equity-based awards, particularly those with future vesting provisions, promote a performance-focused culture and align our employees' interests with those of our stockholders, thereby motivating their efforts on our behalf and strengthening their desire to remain with us for an extended period of time.

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Each NEO's annual LTIC target opportunity is divided equally between the two components of our LTIC Plan: a multi-year Performance Share Program and an Annual Deferred Stock Grant as further described below.

Performance Share Program. Approximately half of our NEOs' LTIC opportunity relates to a multi-year performance share compensation program (the "Performance Share Program"). The purpose of the Performance Share Program is to motivate and reward long term performance. Participants are provided with the opportunity to earn shares of Piedmont stock based on our TSR performance relative to a broad, pre-determined peer group over a three-year performance period. The peer group for the 2016 – 18 Performance Period was established at the beginning of the 2016 calendar year based on the 2015 peer group and included

the same companies listed under "Market Reference Data" above. Participants have a defined target award expressed as a number of shares. The target number of shares established for each participant may be earned if Piedmont's TSR is at the median of the peer group, up to 200% of target may be earned if Piedmont's TSR is at or above the 75th percentile of the peer group, and 50% of target may be earned if Piedmont's TSR at the 25th percentile of the peer group. No shares are earned if Piedmont's TSR is below the 25th percentile. If our return is between the 25th and 75th percentile, the payout will be determined by linear interpolation. Performance cycles overlap, with a new three-year performance cycle beginning each year. The following table sets forth the status of each active Performance Share Plan as of December 31, 2016:

	TSR Percentile Rank as of December 31, 2016	Estimated Payout Percentage of Target Based on Percentile Rank as of December 31, 2016
2014 – 16 Performance Share Plan	47.1%	94.2%
2015 – 17 Performance Share Plan	64.7%	158.8%
2016 – 18 Performance Share Plan	28.6%	57.2%

The TSR Percentile Rank for each active plan will continue to change throughout the respective performance period. After the end of each three-year performance period, any earned awards will be paid by the Company. A grant date for this portion of the award is established when the Compensation Committee and the board of directors approve the multi-year plan. In accordance with SEC rules, the grant date fair value of the portion of the award related to the TSR three-year performance period assuming target performance is included in the Summary Compensation Table in the calendar year in which the grant date is established. For the range of shares that could be earned by each NEO for the 2016 – 18 performance period, see the Grants of Plan Based Awards for 2016 Table.

Annual Deferred Stock Grant. The other half of our NEOs' LTIC opportunity is comprised of an annual deferred stock unit grant opportunity, as determined by the Compensation Committee, that considers four performance measures.

The performance targets that the

Compensation Committee established for the quantitative metrics for the 2015 performance period were considered achievable, but not without above average performance. While such measures establish a framework for the Compensation Committee to evaluate performance, the pool of shares available to be granted is ultimately established by the Compensation Committee in its sole discretion irrespective of actual performance. As such, a grant date for accounting purposes is not established until the Compensation Committee has reviewed the Company's actual performance against the metrics and exercised its discretion to determine the pool of shares to be awarded. This process normally occurs during the calendar year following the performance period after year-end audit results are available. In accordance with SEC rules, therefore, the deferred stock units granted pursuant to this component of our LTIC plan is included in the Summary Compensation Table in the calendar year of the grant, which is subsequent to the performance period.

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The following table sets forth the target goals for each of the quantitative measures and weights assigned to each measure as well as the actual results for each performance measure for the deferred stock grant that was awarded in 2016 based on 2015 performance (dollars in millions except for per share amounts):

Measure	2015 Goal			Actual	Weight
	Threshold	Target	Maximum		
Core FFO Per Share Relative to Budget (per share)	\$ 1.40	\$ 1.554	\$ 1.71	\$ 1.598	25%
Actual Adjusted Funds From Operations Before Capital Expenditures Relative to Budget (in millions)	\$ 199.4	\$ 221.6	\$ 243.8	\$ 230.3	25%
Actual General and Administrative Expense Relative to Budget (in millions)	\$ 31.1	\$ 28.3	\$ 25.5	\$ 30.4	25%
Board Discretion/Individual Performance	Qualitative	Qualitative	Qualitative	Achieved Above Target	25%

Core FFO performance relative to Budget is a non-GAAP financial measure that is considered important because our ability to meet consensus estimates of Core FFO is a factor when equity analysts value, or when present or potential stockholders make investment decisions about, our securities. See the definition of Core FFO and the reconciliation of Net income attributable to Piedmont to Core FFO on pages 35 and 36 of our Annual Report on Form 10-K for the year ended December 31, 2016.

Actual Adjusted Funds from Operations Before Capital Expenditures vs Budget is a non-GAAP financial measure that is considered important because it more closely mirrors the actual cash flow generated by the company in that it removes certain non-cash revenue and expense items such as the effect of straight-line rents which are not adjusted when computing FFO in accordance with the definition established by NAREIT.

Actual General and Administrative Expense Relative to Budget is a non-GAAP financial measure that is considered important because it measures how efficiently we manage our controllable overhead expenses such as labor, professional services, and stockholder communication expenses, among others. Actual general and administrative expense for the year ended December 31, 2015 included approximately \$2.6 million in accruals above-target related to out performance for the performance share component of our LTIC plan due to strong TSR performance relative to our peer group in 2015.

The Board Discretion component allows the Compensation Committee to appropriately recognize aspects of the management team's or individual's performance that may not be captured through the use of the quantitative metrics. For the 2015 deferred stock grant opportunity, our Compensation Committee and the board of directors unanimously approved achievement of this component at above target. The Compensation Committee and the board of directors relied heavily on the quantitative measures that were approved at the beginning of the performance period. The Compensation Committee and the board of directors recognized that the management team exceeded two of those metrics and would have exceeded the third except for the additional expense that had to be recognized related to accruals for the Company's performance share plan as a result of strong performance during 2015. In addition, the Compensation Committee and board of directors recognized that the Company's TSR for the year ended December 31, 2015 was within the top quartile relative to its peer group, a significant improvement from the previous year. As such, the Compensation Committee and board of directors determined it was appropriate to reward management for an overall excellent year of operations.

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Each individual NEO's targeted number of shares was established by the Compensation Committee based on recommendations from our compensation consultant and CEO for each NEO other than himself regarding comparability with awards to officers of our peer group of office REITs as well as taking into consideration each officer's salary and experience level. The actual number of shares that each individual NEO was eligible to earn was determined by the Compensation Committee after considering performance against the above metrics according to the following scale:

Measure	Adjustment Factor	Incentive Available to be Earned Based on Actual Performance (as a Percentage of Target)		Relative Weighting
		Threshold Maximum(1)		
Core FFO per share to Budget	Every 1% variance in performance increases or decreases the targeted award by 10%, based on relative weighting	50%	150%	25%
Actual Adjusted Funds From Operations Before Capital Expenditures Relative to Budget	Every 1% variance in performance increases or decreases the targeted award by 5%, based on relative weighting	50%	150%	25%
Actual General and Administrative Expense Relative to Budget	Every 1% variance in performance increases or decreases the targeted award by 5%, based on relative weighting	50%	150%	25%
Board Discretion/ Individual Performance	Qualitative			25%
(1)	200% in the case of the CEO.			

Based on the metrics above, on May 24, 2016 the Compensation Committee determined the number of deferred stock units to be granted pursuant to the 2015 deferred stock award. See "Grants of Plan Based Awards for 2016" table below for information on the number of deferred stock units granted to each of the NEOs during 2016. For the awards granted, 25% vested immediately, while the remaining 75% vests in 25% increments over the next three years on the grant anniversary date. Any dividend equivalent rights are paid out upon vesting of the underlying shares.

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

Stock Ownership Guidelines

Our board of directors has established stock ownership guidelines whereby our NEOs are required to own stock equal to the lesser of shares with a value equal to a specified multiple of their base salary or a specific number of shares as follows:

Lesser Of:

	Multiple of Salary	Shares of Stock
Chief Executive Officer	5x	195,000
Chief Financial Officer	3x	75,000
Chief Investment Officer	2x	30,000
EVP — Real Estate Operations	2x	30,000
EVP — Mid-Atlantic Region and Head of Development	2x	30,000

As of December 31, 2016, each of our NEOs had achieved his ownership requirement.

In addition, each member of our board of directors is required to own the lesser of 10,000 shares or \$200,000. All of our directors currently meet this requirement, with the exception of Mss. Lang and Barrett and Mr. Taysom, each of whom recently joined our board and will have five years from the date they joined the board to meet the requirement.

Hedging, Pledging and Insider Trading Policy

Our insider trading policy prohibits our employees, officers and directors from hedging their ownership of our stock, including a prohibition on short sales and buying or selling of puts and calls. Our insider trading policy also prohibits our employees, officers and directors from purchasing or selling our securities while in possession of material non-public information. Our insider trading policy also prohibits our executive officers and directors

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from pledging our securities or otherwise using our securities as collateral. None of our executive officers or directors holds any of our stock subject to pledge.

The Impact of Regulatory Requirements on Compensation

Section 162(m) of the Code limits to \$1.0 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, however, we do not pay taxes at the corporate level. Therefore, we believe any potential future loss of deductibility of compensation which may occur would 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).

2016 Executive Compensation Tables

The following table sets forth information concerning the compensation for the three years ended December 31, 2016 by our NEOs, reported in accordance with SEC rules.

Summary Compensation Table for 2016

Name and Principal Position	Year	Salary (\$)	Stock Awards (\$)(1)	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total (\$)
Donald A. Miller, CFA Chief Executive Officer and President	2016	720,000	2,885,893(2)	1,088,044	26,408(5)	4,720,345
	2015	720,000	2,767,737(3)	1,200,000	26,408	4,714,145
	2014	720,000	2,045,933(4)	1,149,639	25,303	3,940,875
Robert E. Bowers Executive Vice President and Chief Financial Officer	2016	450,000	1,038,914(2)	521,690	24,282(5)	2,034,886
	2015	450,000	1,041,735(3)	560,000	24,282	2,076,017
	2014	450,000	800,881(4)	553,208	23,282	1,827,371
Raymond L. Owens Executive Vice President and Chief Investment Officer	2016	289,769	404,034(2)	235,000	24,282(5)	953,085
	2015	275,000	382,942(3)	265,000	24,282	947,224
	2014	260,000	282,629(4)	220,000	23,282	785,911
Carroll A. Reddic, IV Executive Vice President — Real Estate Operations	2016	275,000	404,034(2)	220,000	24,282(5)	923,316
	2015	275,000	382,942(3)	230,000	24,282	912,224
	2014	260,000	282,629(4)	223,742	17,782	784,153
Robert K. Wiberg Executive Vice President — Mid-Atlantic	2016	320,000	404,034(2)	230,000	18,282(5)	972,316
	2015	320,000	466,745(3)	250,000	12,282	1,049,027
	2014	310,000	612,055(4)	264,000	6,032	1,192,087

Region and
Head of
Development

(1)

In accordance with SEC rules, the stock award column includes the annual deferred stock grant and the estimated aggregate grant date fair value of the Performance Share Component of our LTIC program at target levels, even though there is no guarantee that any amounts will ultimately be earned by and paid to the executive. See “2016 Realized Pay Table” and “Stock Vested for 2016” table below for the value of actual stock awards which vested during the year ended December 31, 2016.

(2)

Represents the aggregate grant date fair value of potential awards under the 2016 – 18 Performance Share Program at target levels and the deferred stock awards granted in 2016 for 2015 performance, both under our LTIC program. Values are estimated as the total expense associated with each grant to be recognized for financial statement reporting purposes over the respective service period associated with each grant calculated in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 718, Share-Based Payments. Pursuant to SEC rules the values are not reduced by an estimate for the probability of forfeiture. The

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aggregate grant date fair value of the 2015 annual deferred stock award granted in 2016 was based on the closing price of our common stock on the May 24, 2016 grant date of \$19.91 per share. The aggregate grant date fair value of the 2016 Performance Share Program was based on an estimated fair value per share as of the grant date of \$23.02 per share utilizing a Monte Carlo valuation model that models the plan’s potential payoff depending on Piedmont’s and its peer group’s future stock price movements. The potential value of the 2016 – 18 Performance Share Program award at the grant date assuming the highest level of performance conditions were achieved would have been (in 000’s): Miller — \$2,500; Bowers — \$900; Owens — \$350; Reddic — \$350; and Wiberg — \$350.

(3)

Represents the aggregate grant date fair value of potential awards under the 2015 – 17 Performance Share Program at target levels and the deferred stock awards granted in 2015 for 2014 performance, both under our LTIC program. Values are estimated as the total expense associated with each grant to be recognized for financial statement reporting purposes over the respective service period associated with each grant calculated in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 718, Share-Based Payments. Pursuant to SEC rules the values are not reduced by an estimate for the probability of forfeiture. The aggregate grant date fair value of the 2014 annual deferred stock award granted in 2015 was based on the closing price of our common stock on the May 1, 2015 grant date of \$17.59 per share. The aggregate grant date fair value of the 2015 Performance Share Program was based on an estimated fair value per share as of the grant date of \$18.42 per share utilizing a Monte Carlo valuation model that models the plan’s potential payoff depending on Piedmont’s and its peer group’s future stock price movements. The potential value of the 2015 – 17 Performance Share Program award at the grant date assuming the highest level of performance conditions were achieved would have been (in 000’s): Miller — \$2,500; Bowers — \$900; Owens — \$350; Reddic — \$350; and Wiberg — \$500.

(4)

Represents the aggregate grant date fair value of potential awards under the 2014 – 16 Performance Share Program at target levels and the deferred stock awards granted in 2014 for 2013 performance, both under our LTIC program. Values are estimated as the total expense associated with each grant to be recognized for financial statement reporting purposes over the respective service period associated with each grant calculated in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 718, Share-Based Payments. Pursuant to SEC rules the values are not reduced by an estimate for the probability of forfeiture. The aggregate grant date fair value of the 2013 annual deferred stock award granted in 2014 was based on the closing price of our common stock on the May 9, 2014 grant date of \$18.51 per share. The aggregate grant date fair value of the 2014 Performance Share Program was based on an estimated fair value per share as of the grant date of \$22.00 per share utilizing a Monte Carlo valuation model that models the plan’s potential payoff depending on Piedmont’s and its peer group’s future stock price movements. The potential value of the 2014 – 16 Performance Share Program award at the grant date assuming the highest level of performance conditions were achieved would have been (in 000’s): Miller — \$2,000; Bowers — \$800; Owens — \$280; Reddic — \$280; and Wiberg — \$400.

(5)

All other compensation for 2016 was comprised of the following:

Name	Matching Contributions to 401(k) (\$)	Premium for Company Paid Life Insurance (\$)	Executive Health Physical (\$)
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