DUKE REALTY CORP
Form DEF 14A
March 12, 2014
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant x 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))**
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to § 240.14a-12

Duke Realty Corporation

(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):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) 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:

Table of Contents

600 East 96th Street

Suite 100

Indianapolis, Indiana 46240

(317) 808-6000

March 12, 2014

Dear Shareholder:

The Board of Directors and officers of Duke Realty Corporation join me in extending to you a cordial invitation to attend our annual meeting of shareholders. This meeting will be held on Wednesday, April 30, 2014, at 3:00 p.m. local time, at the Renaissance Indianapolis North Hotel, 11925 N. Meridian Street, Carmel, Indiana 46032. To reserve your seat at the annual meeting, please call 1-800-875-3366 or send an e-mail to *ir@dukerealty.com*. As in past years, we believe that both the shareholders and management of Duke Realty Corporation can gain much through participation at this meeting. Our objective is to make it as informative and interesting as possible.

This year we again are pleased to take advantage of the Securities and Exchange Commission rule allowing companies to furnish proxy materials to their shareholders over the Internet. We believe that this e-proxy process will expedite shareholders receipt of proxy materials, while lowering the costs of delivery and reducing the environmental impact of our annual meeting. On March 12, 2014, we mailed to a majority of our shareholders a notice containing instructions on how to access our proxy statement and 2013 Annual Report to shareholders and how to vote online. All other shareholders will receive these materials by mail. The proxy statement contains instructions on how you can (i) receive a paper copy of the proxy statement and 2013 Annual Report, if you only received a notice by mail, or (ii) elect to receive your proxy statement and 2013 Annual Report over the Internet, if you received them by mail this year.

Whether or not you plan to attend the annual meeting, we urge you to vote promptly by mail, by telephone or on the Internet in order to ensure that we record your votes on the business matters presented at the annual meeting.

We look forward to seeing you on April 30th.

Sincerely,

Dennis D. Oklak

Chairman and Chief Executive Officer

Table of Contents

TABLE OF CONTENTS

Table of Contents

600 East 96th Street

Suite 100

Indianapolis, Indiana 46240

(317) 808-6000

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To be held April 30, 2014

Notice is hereby given that the 2014 Annual Meeting of Shareholders, or the Annual Meeting, of Duke Realty Corporation, or the Company, will be held at the Renaissance Indianapolis North Hotel, 11925 N. Meridian Street, Carmel, Indiana 46032, on Wednesday, April 30, 2014, at 3:00 p.m. local time. At the Annual Meeting, the shareholders will be asked to act on the following:

1. To elect thirteen directors to serve on the Company s Board of Directors for a one-year term ending at the 2015 Annual Meeting of Shareholders;

2. To vote on a non-binding resolution to approve the compensation of the Company s executive officers for 2013;

3. To ratify the reappointment of KPMG LLP as the Company s independent registered public accountants for the fiscal year 2014;

4. To approve three proposals to amend our articles of incorporation, including to:

   - increase the number of shares of common stock that we are authorized to issue;
   - establish certain detailed stock ownership and transfer restrictions intended to enable the Company to better protect our status as a real estate investment trust, or REIT; and
   - eliminate certain references or sections that are no longer applicable and make other ministerial changes;

5. To approve an adjournment of the Annual Meeting, if necessary, to solicit additional proxies in favor of the foregoing proposals if there are not sufficient votes for the proposals; and

6. To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

Only shareholders of record at the close of business on Monday, February 24, 2014 are entitled to notice of and to vote at the Annual Meeting or at any adjournments or postponements thereof. At least a majority of the outstanding shares of common stock of the Company entitled to vote at the Annual Meeting present in person or by proxy is required for a quorum.

YOUR VOTE IS IMPORTANT!

Submitting your proxy does not affect your right to vote in person if you attend the Annual Meeting. Instead, it benefits the Company by reducing the expenses of additional proxy solicitation. Therefore, you are urged to submit your proxy as soon as possible, regardless of whether or not you expect to attend the Annual Meeting. You may revoke your proxy at any time before its exercise by (i) delivering written notice of revocation to the Company s Corporate Secretary, Ann C. Dee, at the above address, (ii) submitting to the Company a duly executed proxy card bearing a later date, (iii) voting via the Internet or by telephone at a later date, or (iv) appearing at the Annual Meeting and voting in person; provided, however, that no such revocation under clause (i) or (ii) shall be effective until written notice of revocation or a later dated proxy card is received by the Company s Corporate Secretary at or before the Annual Meeting, and no such revocation under clause (iii) shall be effective unless received on or before 11:59 p.m., Indianapolis local time, on April 29, 2014.

When you submit your proxy, you authorize Dennis D. Oklak and Ann C. Dee or either one of them, each with full power of substitution, to vote your shares at the Annual Meeting in accordance with your instructions or, if no instructions are given, to vote for the election of the director nominees, for approval of the compensation of the Company s executive officers, for the appointment of the independent auditors for 2014, and to vote on any adjournments or postponements of the Annual Meeting.

Important Notice Regarding the Availability of Proxy Materials for the

Annual Meeting to be Held on April 30, 2014

The Company s proxy statement, proxy card and 2013 Annual Report are available

at *http://www.proxyvote.com*.

By order of the Board of Directors,

Ann C. Dee

Executive Vice President, General Counsel and Corporate Secretary

Indianapolis, Indiana

March 12, 2014

Table of Contents

2014 Proxy Summary

This summary highlights information contained elsewhere in this proxy statement, or the Proxy Statement. This summary does not contain all of the information that you should consider, and you should read the entire Proxy Statement carefully before voting.

General

The Board of Directors of Duke Realty Corporation, or the Company, is soliciting proxies to be voted at its 2014 Annual Meeting of Shareholders, or the Annual Meeting. The Proxy Statement summarizes the information shareholders need to know to vote by proxy or in person at the Annual Meeting. Shareholders do not need to attend the Annual Meeting in person in order to vote. Voting instructions are below.

Annual Meeting of Shareholders

Time and Date	3:00 p.m. local time, April 30, 2014
Place	Renaissance Indianapolis North Hotel, 11925 N. Meridian Street, Carmel, Indiana 46032
Record Date	Monday, February 24, 2014
Voting	All shareholders of record as of the close of business on the Record Date are entitled to vote at the Annual Meeting. Each share of common stock outstanding on the Record Date is entitled to one vote on each item submitted for consideration. In order for any business to be conducted, the holders of a majority of the shares of common stock entitled to vote at the Annual Meeting must be present, either in person or represented by proxy. For the purpose of determining the presence of a quorum, abstentions and broker non-votes (which occur when shares held by brokers or nominees for beneficial owners are voted on some matters but not on others) generally will be counted as present. As of the Record Date, 327,037,098 shares of common stock were issued and outstanding. There were also 4,386,909 outstanding limited partnership units in our operating partnership, Duke Realty Limited Partnership, or the Operating Partnership. All such units are convertible into shares of the Company s common stock at a 1:1 ratio.

Meeting Agenda

Election of thirteen directors

Advisory vote to approve executive compensation

Ratification of KPMG as auditors for 2014

Approval of three proposals to amend our articles of incorporation

Approval of an adjournment of the Annual Meeting, if necessary, to solicit additional proxies in favor of the foregoing proposals if there are not sufficient votes for the proposals

Transaction of other business that may properly come before the meeting

Table of Contents

Voting

Listed below are the alternatives for casting votes at the Annual Meeting.

By Mail:	Vote, sign and date your proxy card and mail it in the postage-paid envelope.
In Person:	Vote at the Annual Meeting. For driving directions to the Annual Meeting, please call 1-800-875-3366.
By Telephone:	Call toll-free 1-800-690-6903 and follow the instructions. You will be prompted for certain information that can be found on your proxy card.
Via Internet:	Log on to *http://www.proxyvote.com* and follow the on-screen instructions. You will be prompted to enter certain information that can be found on your proxy card.

Note: Please refer to the specific instructions set forth on the Notice or printed proxy materials.

If you have shares held by a broker, you may instruct your broker to vote your shares by following the instructions that the broker provides to you. Most brokers offer voting by mail, telephone and on the Internet.

When you return a properly executed proxy card, the Company will vote the shares that the proxy card represents in accordance with your directions. If you return the signed proxy card with no direction on a proposal, the Company will vote your proxy FOR Proposals One, Two and Three, each of the proposals to amend our articles of incorporation set forth in Proposal Four, and Proposal Five.

You may revoke your proxy at any time before its exercise by:

(i) delivering written notice of revocation to the Company s Corporate Secretary, Ann C. Dee, at 600 East 96th Street, Suite 100, Indianapolis, Indiana 46240;

(ii) submitting to the Company a duly executed proxy card bearing a later date;

(iii) voting via the Internet or by telephone at a later date; or

(iv) appearing at the Annual Meeting and voting in person.

provided, however, that no such revocation under clause (i) or (ii) shall be effective until written notice of revocation or a later dated proxy card is received by the Company s Corporate Secretary at or before the Annual Meeting, and no such revocation under clause (iii) shall be effective unless received on or before 11:59 p.m., Indianapolis local time, on April 29, 2014.

Voting Matters

	Board Vote Recommendation	**Page Reference (for more detai**
Election of Directors	FOR EACH DIRECTOR NOMINEE	6
Advisory Vote to Approve Executive Compensation	FOR	24
Ratification of KPMG as auditors for 2014	FOR	55
Approval of Three Proposals to Amend Our Articles of Incorporation	FOR	56
Approval of Adjournment of the Annual Meeting, if Necessary to Solicit Additional Proxies	FOR	63

Board Nominees

We are asking shareholders to elect thirteen directors to serve for a one-year term that will expire at the Company s 2015 Annual Meeting or until their successors have been elected and qualified. The biographical information of each director nominee begins on page 6. Each director nominee is elected annually by the affirmative vote of at least a majority of the shareholders present in person or represented by proxy and entitled to vote for the election of directors. An abstention will result in a nominee receiving fewer votes and therefore will have the same effect as a vote against the nominee. Broker non-votes are not considered entitled to vote and therefore will not have an impact on the election of directors.

Executive Compensation Advisory Vote

We are asking shareholders to approve, on an advisory basis, our named executive officer compensation as discussed and disclosed in this Proxy Statement, including the Compensation Discussion and Analysis beginning on page 25 and the tables and narratives that follow under Executive Compensation beginning on page 42. The non-binding resolution to approve the compensation of the Company s executive officers will be approved if the votes cast in favor of the proposal exceed the votes cast against the proposal. Abstentions and broker non-votes will not be treated as votes cast and therefore will not affect the outcome.

We have designed our executive compensation program to attract and retain the highest quality executive officers, directly link their pay to the Company s performance, and build value for our shareholders. Our program provides total compensation opportunities at levels that are competitive in our industry, ties a significant portion of each executive s compensation to his or her individual performance and contribution to achieving our key business objectives, and closely aligns the interests of our executives with the interests of our shareholders. In sum, our compensation is designed to reward executives when the Company achieves strong financial and operational results, and likewise to provide reduced pay when financial and operating results are not as strong or when our stock price decreases. We believe the 2013 compensation of our named executive officers is reflective of and consistent with that intent.

Auditors

We are asking shareholders to ratify the reappointment of KPMG LLP as the Company s independent registered public accountants for the fiscal year 2014. In order to ratify the selection of KPMG, the votes cast in favor of the proposal must exceed the votes cast against the proposal. Abstentions and broker non-votes will not be treated as votes cast and therefore will not affect the outcome. The ratification of the selection of KPMG as the Company s independent registered public accountants for 2014 will be deemed to be a discretionary matter and brokers will be permitted to vote uninstructed shares as to such matter. Set forth below is summary information with respect to KPMG s fees for services provided in 2013 and 2012.

***Audit Fees**:* $1,207,969 for 2013 and $1,136,391 for 2012.

***Audit-Related Fees**:* $49,500 for 2013 and $46,062 for 2012. These fees include employee benefit plan audits and other accounting related consultation.

***Tax Fees**:* $11,792 for 2013 and $2,100 for 2012. These fees include services for various tax consulting matters.

***All Other Fees**:* None.

Three Proposals to Amend Our Articles of Incorporation

We are asking shareholders to approve three proposals to amend our articles of incorporation to:

- increase the number of shares of common stock that we are authorized to issue;
- establish certain detailed stock ownership and transfer restrictions intended to enable the Company to better protect our status as a real estate investment trust, or REIT; and
- eliminate certain references or sections that are no longer applicable and make other ministerial changes.

Table of Contents

The proposed amendments to our articles of incorporation will be reflected in our Fifth Amended and Restated Articles of Incorporation, the form of which is attached to this Proxy Statement as Appendix A, or the Fifth Amended Articles.

Approval of each of the proposals to increase the number of shares of common stock and to make certain ministerial changes requires the votes cast in favor of the proposal to exceed the votes cast against the proposal. The proposal to establish detailed stock ownership and transfer restrictions requires the approval of 80% of the Company s issued and outstanding shares. Abstentions and broker non-votes will not be treated as votes cast and therefore will not affect the outcome of the proposals to increase the number of shares of common stock and to make certain ministerial changes to our articles of incorporation. Abstentions and broker non-votes will have the same effect as votes against the proposal to establish detailed stock ownership and transfer restrictions.

Adjournment of the Annual Meeting

We are asking shareholders to approve an adjournment of the Annual Meeting, if necessary, to enable the Board of Directors to solicit additional proxies in favor of the foregoing proposals if there are not sufficient votes for the proposals. In order to approve the adjournment of the Annual Meeting, the votes cast in favor of the proposal must exceed the votes cast against the proposal. Abstentions and broker non-votes will not be treated as votes cast and therefore will not affect the outcome.

Other

Your proxy gives discretionary authority to Dennis D. Oklak and Ann C. Dee with respect to any other matters that might be brought before the Annual Meeting. Those persons intend to vote your proxy in accordance with their best judgment.

If any shareholder proposal is properly presented at the Annual Meeting, the shareholder proposal will be approved if the votes cast in favor of the proposal exceed the votes cast against the proposal. An abstention is not treated as a vote cast and therefore will not affect the outcome. Broker non-votes will be treated as not entitled to vote on the proposal and therefore will not affect the outcome.

2015 Annual Meeting

The deadline for shareholder proposals for the 2015 annual meeting of shareholders is November 12, 2014.

Shareholder proposals should be submitted in writing to the Company (Attention: Ann C. Dee, Corporate Secretary).

Mailing Date/Internet Availability of Proxy Materials

This Proxy Statement, the enclosed proxy card and our 2013 Annual Report or a Notice of Internet Availability of Proxy Materials, or the Notice, were mailed to shareholders beginning on or about March 12, 2014. The Notice contains instructions on how to access the proxy materials online. Shareholders who received the Notice by mail will not receive a printed copy of the proxy materials in the mail unless they request a copy in the manner described in the Notice. All shareholders will be able to access the proxy materials on a website referred to in the Notice and this Proxy Statement and will be able to request to receive a printed set of the proxy materials by mail or electronically, in either case, free of charge.

In addition to the solicitation of proxies by use of the mail, officers and regular employees of the Company may solicit proxies by telephone, facsimile, e-mail or personal interviews without additional compensation. It is also contemplated that brokerage houses will forward the proxy materials to shareholders at the request of the Company. Receipt of more than one proxy card indicates that a shareholder has multiple accounts at the transfer agent or with stockbrokers. Shareholders should complete and return all proxy cards received to ensure that all of their shares are voted.

Table of Contents

Shareholders of record that desire to receive future proxy statements and annual reports electronically should log on to *http://www.proxyvote.com* and follow the instructions to vote using the Internet and, when prompted, indicate that they agree to receive or access proxy materials electronically in future years. Shareholders will need to refer to the Company number and control number found on the proxy card. Shareholders may cancel this electronic enrollment if they later wish to receive proxy statements and annual reports by regular mail.

Proxy Solicitation

The Company will bear the cost of preparing, printing, assembling and mailing the Notice, Proxy Statement, proxy card and other materials that may be sent to shareholders in connection with this solicitation. The Company also may reimburse brokerage houses and other custodians, nominees and fiduciaries for their expenses incurred in forwarding solicitation materials to the beneficial owners of shares held of record by such persons.

Corporate Secretary

The Company s Corporate Secretary may be contacted by sending correspondence to: 600 East 96th Street, Suite 100, Indianapolis, Indiana 46240, Attn: Corporate Secretary.

Additional Information

The Company s website is located at *http://www.dukerealty.com*. Although the information contained on the Company s website is not part of this Proxy Statement, you can view additional information on the website, such as the Company s Code of Conduct, corporate governance guidelines, charters of the committees of the Board of Directors and reports that the Company files and furnishes with the Securities and Exchange Commission, or SEC. A copy of the Company s Code of Conduct, corporate governance guidelines and charters of the committees of the Board of Directors also may be obtained by written request addressed to Duke Realty Corporation, 600 East 96th Street, Suite 100, Indianapolis, Indiana 46240, Attention: Investor Relations.

Table of Contents

PROPOSAL ONE: ELECTION OF THIRTEEN DIRECTORS TO SERVE

ON THE COMPANY S BOARD OF DIRECTORS FOR A ONE-YEAR TERM

ENDING ON THE DATE OF THE COMPANY S 2015 ANNUAL MEETING

The Board of Directors currently consists of twelve members. On January 29, 2014, based on the recommendation of the Corporate Governance Committee, the Board of Directors approved an increase in the size of the Board of Directors from twelve directors to thirteen directors, effective as of the date of the Annual Meeting, and nominated the twelve existing directors serving for re-election along with Mr. Michael E. Szymanczyk for election to serve for a one-year term that will expire at the Company s 2015 Annual Meeting or until their successors have been elected and qualified. The Board of Directors has also designated Dennis D. Oklak to continue to serve as Chairman of the Board of Directors, subject to his re-election as a director by shareholders.

The Board of Directors believes that all of the nominees for director will be available for election. However, if a nominee is unavailable for election, the proxy holders may vote for another nominee proposed by the Board of Directors. If the Board of Directors does not propose another director nominee prior to or at the Annual Meeting, the Board of Directors, by resolution, may reduce the number of directors to be elected at the Annual Meeting. Each nominee has agreed to be named in this Proxy Statement and to serve if elected.

The election of each director requires the affirmative vote of at least a majority of the shareholders present in person or represented by proxy and entitled to vote for the election of directors. An abstention will result in a nominee receiving fewer votes and therefore will have the same effect as a vote against the nominee. Broker non-votes are not considered entitled to vote and therefore will not have an impact on the election of directors.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION OF ALL OF THE NOMINEES NAMED BELOW FOR DIRECTOR.

NOMINEES FOR ELECTION AS DIRECTORS

The following paragraphs give the name and age of each director nominee, the tenure of each director nominee on the Board of Directors, the committees of the Board of Directors on which each director nominee serves, the particular experience, skills and qualifications that were instrumental in the Corporate Governance Committee s determination that each director nominee should serve as a director of the Company, each director nominee s business experience over the last five years or more and the public company boards of directors on which each director nominee has served over the last five years.

Thomas J. Baltimore, Jr., Age 50

Director Since: 2009

Board Committee: Corporate Governance

Qualifications: Mr. Baltimore brings finance, accounting, investments, real estate, development, hospitality industry, and executive leadership expertise to the Board of Directors.

Mr. Baltimore is President and Chief Executive Officer of RLJ Lodging Trust, a publicly-traded lodging REIT. In May 2011, Mr. Baltimore led the roll-up and merger of RLJ Development, LLC, a privately-held real estate investment firm, with its two affiliated private equity funds, and the subsequent initial public offering of RLJ Lodging Trust. Mr. Baltimore was the Co-Founder and President of RLJ Development, LLC, with direct day-to-day responsibility for company operations since its inception in 2000. Prior to founding RLJ Development, LLC, Mr. Baltimore was with Hilton Hotels Corporation as a Vice President, Development and Finance (1999 to 2000) and a Vice President of Gaming Development (1997 to 1998). Mr. Baltimore currently serves as a director for RLJ Lodging Trust and Prudential Financial, Inc., a publicly-traded financial services company.

Table of Contents

William Cavanaugh III, Age 75

Director Since: 1999; Lead director

Board Committee: Corporate Governance, Chairman

Qualifications: Mr. Cavanaugh, who served as the Chief Executive Officer of Progress Energy, Inc., a publicly-traded energy company, for eight years, brings corporate finance, operations, nuclear energy industry, public company, and executive leadership expertise to the Board of Directors.

Mr. Cavanaugh served as the Chairman of the World Association of Nuclear Operators (WANO) from 2004 until 2009. He retired as Chairman of Progress Energy, Inc. in 2004 and as Chief Executive Officer of Progress Energy, Inc. in 2004, posts he had held since 1999 and 1996, respectively.

Alan H. Cohen, Age 67

Director Since: 2011

Board Committee: Executive Compensation, Chairman

Qualifications: As an attorney and co-founder of The Finish Line, Inc., a publicly-traded athletic wear retailer where he served in various executive positions including Chief Executive Officer and President, Mr. Cohen brings consumer goods industry, corporate operations, legal and executive leadership expertise to the Board of Directors.

Mr. Cohen is the co-founder of The Finish Line, Inc. and served as its President from 1982 to 2003 and Chief Executive Officer from 1982 to 2008. He served as Chairman of the Board of Directors of The Finish Line, Inc. from 1982 to 2010 and as one of its directors from 1976 to 2010. Mr. Cohen is an attorney, and practiced law from 1973 to 1981.

Ngaire E. Cuneo, Age 63

Director Since: 1995

Board Committees: Audit and Finance

Qualifications: Ms. Cuneo brings finance, accounting, consulting, venture capital, corporate development, insurance industry, financial services industry, and executive management expertise to the Board of Directors.

Ms. Cuneo has been a partner of Red Associates, LLC, a venture capital firm in the financial services sector, since 2002. Ms. Cuneo also served as an Executive Vice President of Forethought Financial Group from 2006 until 2010. From 1992 through 2001, Ms. Cuneo was an Executive Vice President of Conseco, Inc., an owner, operator and provider of services to companies in the financial services industry. Ms. Cuneo has served as a director of SonicScrubbers, Inc., Tributes, Inc. and ContractPal over the last five years. The Board of Directors has determined that Ms. Cuneo qualifies as an audit committee financial expert as defined under the applicable rules established by the SEC.

Charles R. Eitel, Age 64

Director Since: 1999

Board Committee: Corporate Governance

Qualifications: Mr. Eitel brings consulting, business administration, finance, operations, manufacturing industry, and executive leadership expertise to the Board of Directors.

Mr. Eitel is a co-founder of Eitel & Armstrong, a consulting practice that provides hands-on operating and financial guidance to middle market companies. Prior to forming Eitel & Armstrong in 2009, Mr. Eitel served as Vice Chairman of the Board of Directors of the Simmons Bedding

Company, an Atlanta-based manufacturer of mattresses, from 2008 to 2009. Mr. Eitel served as Chairman and Chief Executive Officer of the Simmons Bedding Company from 2000 until his appointment to Vice Chairman in 2008. On November 16, 2009, the Simmons Bedding Company filed for protection under Chapter 11 of the federal bankruptcy laws, from which it emerged on January 21, 2010. Mr. Eitel currently serves on the Board of Directors of the Mattress Firm Holding Corp., a publicly-traded specialty retailer of mattresses and related products and accessories in the United States.

Table of Contents

He also serves on the Board of Directors of American Fidelity Assurance Corporation, a provider of supplemental health insurance benefits and financial services to education employees, auto dealerships, health care providers and municipal workers across the United States; and Criterion Brock, a provider of floor covering services which is owned by Wedbush Capital Partners.

Martin C. Jischke, Ph.D., Age 72

Director Since: 2004

Board Committee: Executive Compensation

Qualifications: Dr. Jischke brings leadership and decision making skills, consumer goods industry, technology industry, and management expertise to the Board of Directors.

Dr. Jischke retired from Purdue University after serving as President from 2000 to 2007. From 1991 to 2000, Dr. Jischke served as President of Iowa State University. Dr. Jischke serves as Chairman of the Board of Directors of Wabash National Corporation, one of the leading publicly-traded manufacturers of truck trailers and composite trailers, and as a director of Vectren Corporation, a publicly-traded energy company serving Indiana and Ohio. Dr. Jischke received his master s and doctoral degrees in aeronautics and astronautics from the Massachusetts Institute of Technology. He holds a BS in physics with honors from the Illinois Institute of Technology, where he currently serves on the Board of Trustees.

Dennis D. Oklak, Age 60

Director Since: 2004; Chairman of the Board of Directors

Board Committee: N/A

Qualifications: Mr. Oklak, who joined the Company in 1986, brings real estate industry, finance, accounting, auditing, consulting, operations, development, and executive leadership expertise to the Board of Directors.

Mr. Oklak joined the Company in 1986. He has held various senior executive positions within the Company and was promoted to Chief Executive Officer and joined the Company s Board of Directors in 2004. In 2005, Mr. Oklak was appointed Chairman of the Board of Directors. Mr. Oklak serves on the Executive Board of the National Association of Real Estate Investment Trusts, the Board of Trustees of the Urban Land Institute and is a member of the Real Estate Roundtable. Mr. Oklak serves as Co-Chairman of the Central Indiana Corporate Partnership, the Board of Trustees of the Crossroads of America Council of the Boy Scouts of America Foundation and the Dean s Advisory Board for Ball State University s Miller College of Business. From 2003 to 2009, Mr. Oklak was a member of the Board of Directors of publicly-traded recreational vehicle manufacturer, Monaco Coach Corporation.

Melanie R. Sabelhaus, Age 65

Director Since: 2012

Board Committee: Executive Compensation

Qualifications: With business experience in both the private and public sectors, Ms. Sabelhaus brings public company, corporate governance, real estate industry and executive leadership expertise to the Board of Directors.

Ms. Sabelhaus has over 30 years of small business, corporate and federal government experience. Since 2005, she has been devoting her time to supporting non-profit organizations and currently serves as Vice Chairman of the Board of Governors of the American Red Cross, where she is responsible for nationwide fundraising strategies. Ms. Sabelhaus was Deputy Administrator of the U.S. Small Business Administration from 2002 to 2005, where she was responsible for policy development and program supervision. From 1998 until 2002, Ms. Sabelhaus dedicated her time to community fundraising and women s business issues. In 1986, Ms. Sabelhaus founded Exclusive Interim Properties (EIP), a real estate company that specialized in short-term housing. Ms. Sabelhaus served as Chief Executive Officer of EIP from 1986 until the company merged with four similar firms in 1997, creating Bridgestreet Accommodations, Inc., a publicly-held company listed on NASDAQ that provides short-term corporate housing. From 1997 until 1998, Ms. Sabelhaus served as Vice President for Global Sales of Bridgestreet Accommodations, Inc. From 1972 to 1986, Ms. Sabelhaus worked at International Business Machine (IBM), during which time she aided in the launch of IBM s consumer retail program.

Peter M. Scott, III, Age 64

Director Since: 2011

Board Committees: Audit and Finance

Qualifications: Having held various management positions with Progress Energy, Inc. including Chief Financial Officer, Mr. Scott brings energy and telecommunications industry, public company finance, accounting, auditing and executive leadership expertise to the Board of Directors.

Mr. Scott was Chief Financial Officer of Progress Energy, Inc. from 2000 to 2003 and from 2005 to 2008. From 2004 to 2008, Mr. Scott was also President and Chief Executive Officer of Progress Energy Service Company LLC. Mr. Scott also held various other management positions with Progress Energy, Inc. or its subsidiaries between 2000 and 2005. Before joining Progress Energy, Inc. in 2000, Mr. Scott was the President of Scott, Madden & Associates, Inc., a general management consulting firm that he founded in 1983. The firm served clients in a number of industries, including energy and telecommunications. From 1981 until 1983, Mr. Scott served as the Assistant to the Executive Vice President of Carolina Power & Light Company, Inc., a predecessor of Progress Energy, Inc. Prior to that, Mr. Scott was a principal and partner in Theodore Barry & Associates, Inc., a Los Angeles-based consulting firm, between 1977 and 1981. Mr. Scott is Chairman of the Audit Committee and a member of the Compensation and Executive Committees of the Board of Directors of Cleco Corp., a public utility holding company. Mr. Scott also serves as both Chairman of the Audit Committee and Vice Chairman of the Board of Governors at Research Triangle International, a not-for-profit organization that provides research and technical services. The Board of Directors has determined that Mr. Scott qualifies as an audit committee financial expert as defined under the applicable rules established by the SEC.

Jack R. Shaw, Age 71

Director Since: 2003

Board Committees: Audit and Finance; Chairman of the Audit Committee

Qualifications: Mr. Shaw brings finance, accounting, auditing, and executive leadership expertise to the Board of Directors.

Since 2002, Mr. Shaw has been affiliated with The Regenstrief Foundation, now serving as the foundation s President. Mr. Shaw spent 35 years with Ernst & Young and also served as Partner, Partner-in-Charge, and Managing Partner of Ernst & Young s Indianapolis office at various times throughout his career. Mr. Shaw has served on the Board of Directors of many community organizations including the Arts Council of Indianapolis, the Indianapolis Chamber of Commerce, the Indianapolis Convention and Visitors Association, the Children s Museum of Indianapolis, United Way of Central Indiana, and the Central Indiana Corporate Partnership. In addition, Mr. Shaw served on the Dean s Advisory Council of the Indiana University Kelley School of Business. The Board of Directors has determined that Mr. Shaw, who serves as Chairman of the Company s Audit Committee, qualifies as an audit committee financial expert as defined under the applicable rules established by the SEC.

Michael E. Szymanczyk, Age 65

Director Since: Nominee

Qualifications: As the former Chief Executive Officer of a Fortune 500 company, Mr. Szymanczyk brings leadership, management and analytic skills as well as expertise in addressing governmental and regulatory matters to the Board of Directors.

Mr. Szymanczyk was the Chairman of the Board and Chief Executive Officer of Altria Group, Inc. from 2008 until 2012. From 2002 through 2008, Mr. Szymanczyk served as Chairman, President and Chief Executive Officer of Philip Morris USA Inc. Prior to that, he served in various sales and marketing roles at Proctor & Gamble, Inc. and Kraft, Inc. Mr. Szymanczyk currently serves as Chief Executive Officer of Endurance Capital LLC, a family-owned real estate investment venture. Mr. Szymanczyk also serves on the Finance and Risk Oversight Committee of the Board of Directors of Dominion Resources, Inc., a publicly-traded provider of electricity, natural gas and related services to customers primarily in the eastern region of the U.S.

9

Table of Contents

Lynn C. Thurber, Age 67

Director Since: 2008

Board Committee: Executive Compensation

Qualifications: Ms. Thurber brings international business, asset management, investment management, finance, accounting, real estate industry, financial services industry, and executive management expertise to the Board of Directors.

Since 2006, Ms. Thurber has served as the non-executive Chairman of LaSalle Investment Management, a subsidiary of Jones Lang LaSalle Inc. and a global real estate money management firm that invests in private real estate as well as publicly-traded real estate companies on behalf of institutional and individual investors. Prior to becoming Chairman, Ms. Thurber was the Chief Executive Officer of LaSalle Investment Management from 2000 to 2006. Ms. Thurber is the Chairman of the Board of Directors of Jones Lang LaSalle Income Property Trust, Inc., a non-listed REIT that owns and manages a diversified portfolio of office, retail, industrial and apartment properties, and a member of the Board of Directors of Investa Property Group, an Australian-based real estate owner, developer and fund manager. Ms. Thurber is a Trustee and Chairman of the Board of the Urban Land Institute. Ms. Thurber also previously served as a director of Jones Lang LaSalle Inc., a leading publicly-traded financial and professional services firm specializing in real estate.

Robert J. Woodward Jr., Age 72

Director Since: 2002

Board Committees: Audit and Finance, Chairman of the Finance Committee

Qualifications: Mr. Woodward brings legal, finance, accounting, business administration, investment management, distribution industry, insurance industry, and executive management expertise to the Board of Directors.

Since 1997, Mr. Woodward has served as Chairman of the Board of Directors of The Palmer-Donavin Manufacturing Company, a regional building materials distribution company based in Columbus, Ohio. From 1995 to 2002, he was Executive Vice President Chief Investment Officer of Nationwide group of companies, which is one of the largest insurance and financial service organizations in the world. Mr. Woodward serves as a director and President of The GLOW Foundation, an Ohio based foundation focused on improving the lifestyle of individuals with developmental disabilities. Mr. Woodward also serves on the Pension Management and Investment Council of Battelle Memorial Institute. Mr. Woodward served as a member of the Board of Directors of ProCentury Corporation, a specialty property and casualty insurance holding company, between 2002 and 2008. The Board of Directors has determined that Mr. Woodward qualifies as an audit committee financial expert as defined under the applicable rules established by the SEC.

The Structure of the Board of Directors and the Lead Director

The Board of Directors views the selection of the Chairman and Chief Executive Officer, or CEO, as one of its most important responsibilities. As a result, the Board of Directors believes that it should remain free to determine whether these positions should be combined or separated based on circumstances of the Company and the composition of the Board of Directors at any given time. Currently, the Board of Directors has determined that a combined Chairman and CEO is in the best interests of the Company and has chosen Mr. Oklak to serve in those positions. In addition, the Board of Directors has chosen Mr. Cavanaugh, the Chairman of the Corporate Governance Committee to serve as its Lead Director.

The Board of Directors has been structured in this manner to provide for an appropriate balance between the powers of the CEO and those of our independent directors such that the ability of our independent directors to be informed, to discuss and debate issues they deem important, and to act objectively on an informed basis is not compromised. In establishing the structure of the Board of Directors, we believe that the objective is to strengthen the independence and general role of the Board of Directors with appropriate checks and balances on the power, actions and performance of our CEO. We firmly believe that our board structure allows for appropriate oversight by the Board of Directors in fulfilling its duties to our Company and to our shareholders.

As noted above, to ensure that the appropriate balance of power exists between our unaffiliated directors and the CEO, the Board of Directors established the Lead Director position. As set forth in our corporate governance guidelines, the Lead Director chairs the executive sessions of the independent directors, which are held at least quarterly. The Lead Director also serves as a liaison between the Chairman and the independent directors, approves information sent to the Board of Directors and approves meeting agendas and schedules to assure that there is sufficient time for discussion of all agenda items. The unaffiliated directors have designated Mr. Cavanaugh as Lead Director until the next annual meeting or until his successor is designated, subject to his re-election to the Board of Directors by shareholders. In establishing the position of Lead Director, we believe that there is an appropriate balance between the powers of the CEO and those of the independent directors.

Finally, the Board of Directors believes that having the same person serve as Board Chairman and CEO is in the best interests of our shareholders because it demonstrates for our employees, vendors, tenants, and other stakeholders that the Company is under strong leadership, with a single person setting the tone and having primary responsibility for managing our operations. The Board of Directors believes that separating the two positions could cause duplication of efforts or confusion among parties that deal with the Company on a daily basis.

Board Oversight of Risk Management

The Board of Directors is primarily responsible for overseeing the Company s risk management processes. A portion of this responsibility has been delegated by the Board of Directors to each of the committees of the Board of Directors with respect to the assessment of the Company s risks and risk management in its respective areas of oversight. These committees and the full Board of Directors focus on the most significant risks facing the Company and the Company s general risk management strategy, and also ensure that risks undertaken by the Company are consistent with the Board of Directors appetite for risk. While the Board of Directors oversees the Company s risk management, Company management is responsible for day-to-day risk management processes. We believe this division of responsibilities is the most effective approach for addressing the risks facing our Company and that the leadership structure of the Board of Directors supports this approach.

Independent Directors

Under the Company s articles of incorporation, at least three-fourths of the directors must be persons who are unaffiliated directors, which means only those persons who are not officers or employees of the Company or any of its affiliates. Because none of Mr. Baltimore, Mr. Cavanaugh, Mr. Cohen, Ms. Cuneo, Mr. Eitel, Dr. Jischke, Ms. Sabelhaus, Mr. Scott, Mr. Shaw, Mr. Szymanczyk, Ms. Thurber or Mr. Woodward is currently an officer or employee of the Company or any of its affiliates, over 90% of the director nominees are unaffiliated directors.

In addition, under the enhanced corporate governance listing standards of the New York Stock Exchange, or NYSE, at least a majority of the Company s directors, and all of the members of the Company s Audit Committee, Executive Compensation Committee and Corporate Governance Committee, must meet the test of independence as defined under the listing standards of the NYSE. The NYSE listing standards provide that to qualify as an independent director, in addition to satisfying certain bright-line criteria, the Board of Directors must affirmatively determine that a director has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). In January 2014, the Board of Directors undertook a review of director independence. During this review, the Board of Directors considered, among other things, relationships and transactions during the past three years between each director or any member of his or her immediate family, on the one hand, and the Company and its subsidiaries and affiliates, on the other hand. The purpose of the review was to determine whether any such relationships or transactions were inconsistent with a determination that the director is independent as defined under the NYSE listing standards. Based on the review, the Board of Directors has determined that all of the unaffiliated directors are independent under the listing standards of the NYSE.

Further to the independence standard discussed above, members of the Audit Committee also must satisfy additional independence requirements established by the SEC and the NYSE. Specifically, they may not accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries other than their directors compensation and they may not be affiliated with the Company or any of its subsidiaries.

Finally, in affirmatively determining the independence of any director who will serve on the Executive Compensation Committee, the Board of Directors must consider all factors specifically relevant to determining whether a director has a relationship to the Company that is material to that director s ability to be independent from management in connection with the duties of a member of the Executive Compensation Committee, including (1) the source of compensation of the director, including any consulting, advisory or other compensatory fee paid by the Company to such director; and (2) whether the director is affiliated with the Company, its subsidiaries or its affiliates.

Contacting the Board of Directors

You may contact the Board of Directors, by writing to: Board of Directors, c/o the Corporate Secretary, 600 East 96th Street, Suite 100, Indianapolis, Indiana. You may also contact the independent directors by writing to: Independent Directors, c/o Corporate Secretary, 600 East 96th Street, Suite 100, Indianapolis, Indiana. You may also contact the Company s Lead Director by emailing him at leaddirector@dukerealty.com.

BOARD COMMITTEES

The Board of Directors has four standing committees, with each committee described below. The members of each committee are also listed below. The committees consist solely of independent directors.

Audit Committee

The Board of Directors has established the Audit Committee in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended, or the Exchange Act. The Audit Committee provides assistance to the Board of Directors in fulfilling its responsibility to the shareholders relating to corporate accounting, reporting practices, the quality and integrity of the financial reports and other operating controls of the Company. The Audit Committee also is responsible for the selection of the independent auditors and oversees the auditors activities. In addition, the committee has responsibility for directly overseeing the Company s enterprise and risk management and for supervising and assessing the performance of the Company s internal audit department.

Each member of the Audit Committee satisfies the enhanced independence requirements for audit committee members as defined in the listing standards of the NYSE and the rules of the SEC. The Audit Committee operates under a written charter which is available on the Investor Relations/Corporate Governance section of the Company s website at *http://www.dukerealty.com*. In addition, the Investor Relations/Corporate Governance section of the Company s website contains information regarding procedures established by the Audit Committee for the submission of complaints or concerns about the Company s accounting, internal accounting controls or auditing matters.

The Board of Directors requires that at least one member of the Board of Directors meet the criteria for an audit committee financial expert as defined under the rules of the SEC. The Board of Directors has determined that each of Ms. Cuneo, Mr. Scott, Mr. Shaw and Mr. Woodward is an audit committee financial expert as defined under the applicable rules of the SEC.

Corporate Governance Committee

The purpose of the Corporate Governance Committee is to make recommendations to the Board of Directors regarding corporate governance policies and practices, oversee succession planning for senior management and the Board of Directors, recommend criteria for membership on the Board of Directors, nominate members to the Board of Directors and make recommendations to the Board of Directors concerning the members, size and responsibilities of each of the committees.

In determining appropriate candidates to nominate to the Board of Directors and in considering shareholder nominees, the Corporate Governance Committee generally considers the age, expertise, business experience, character, and other board memberships of the candidate. The Corporate Governance Committee considers director candidates with a view to bringing to the Board of Directors a variety of experience and backgrounds, including geography, ethnicity and gender diversity. Directors should have familiarity with the Company s business and industry, a high level of managerial experience in a relatively complex organization and/or be accustomed to addressing complex issues. The committee seeks candidates of the highest character and integrity, and who have experience at or demonstrated understanding of strategy/policy setting and a reputation for working collegially. In addition, candidates should have sufficient time available to devote to the Company in order to carry out their duties as directors. Diversity is an important strategic initiative at the Company and has relevance with respect to our employees, our suppliers, and our shareholders. Accordingly, the Corporate Governance Committee also recognizes the importance of diversity in identifying its director nominees. The Corporate Governance Committee does not currently have a policy in place regarding diversity in director nominations, but recognizes that diversity has several dimensions and is important for the Board of Directors. The Corporate Governance Committee may employ a search firm to identify director candidates.

In nominating members to the Board of Directors, the Corporate Governance Committee will consider nominees recommended by shareholders if such recommendations are made in writing to the committee. The Company s by-laws state that the committee must consider such nominees so long as the recommendation is submitted to the Company s Corporate Secretary at least 120 calendar days before the first anniversary of the date that the Company s proxy statement was released to shareholders in connection with the previous year s annual meeting of shareholders. However, if no annual meeting of shareholders was held in the previous year or if the date of the annual meeting of shareholders changed by more than 30 calendar days from the date contemplated at the time of the previous year s proxy statement, the notice must be received by the Company s Corporate Secretary not fewer than the later of (i) 150 calendar days prior to the date of the contemplated annual meeting or (ii) the date which is 10 calendar days after the date of the first public announcement or other notification to the shareholders of the date of the contemplated annual meeting. The Corporate Governance Committee screens all potential candidates in the same manner regardless of the source of recommendation. However, the Corporate Governance Committee may, in its sole discretion, reject any such recommendation for any reason. Shareholder nominations should contain a brief biographical sketch of the candidate, a document indicating the candidate s willingness to serve if elected, and evidence of the nominating person s share ownership.

The Corporate Governance Committee operates under a written charter, which is available on the Investor Relations/Corporate Governance section of the Company s website at *http://www.dukerealty.com.*

Executive Compensation Committee

The Executive Compensation Committee reviews and approves the compensation of the Board of Directors, CEO and other executive officers of the Company and its affiliates (as designated by the Board of Directors from time to time). In addition, it oversees the Company s compensation strategies, programs, plans and policies to assure that the Board of Directors, CEO, other executive officers and key management employees of the Company and its affiliates are compensated effectively and in a manner consistent with the stated compensation strategy of the Company. It also oversees the administration of all Company benefit plans. In addition, the committee reviews and approves the individual elements of compensation for the executive officers and directors

Table of Contents

of the Company. The Executive Compensation Committee may delegate authority to sub-committees as appropriate. The Executive Compensation Committee operates under a written charter, which is available on the Investor Relations/Corporate Governance section of the Company s website at *http://www.dukerealty.com*. The Executive Compensation Committee regularly uses independent compensation advisers to provide advice regarding our executive compensation program. For additional information regarding the role of the Executive Compensation Committee and its advisers, see Compensation Discussion and Analysis Executive Summary Executive Compensation Practices and Role of the Committee and its Consultants later in this proxy statement.

Finance Committee

The Finance Committee reviews and evaluates the financial policies, plans and structure of the Company, its subsidiaries and affiliates. In this role, the Finance Committee reviews the capital structure, investment decisions, financial commitments, and relationships with external sources of financing and rating agencies. The committee also reviews and authorizes property developments, property acquisitions, property dispositions and lease transactions exceeding certain threshold amounts established by the Board of Directors. The Finance Committee operates under a written charter, which is available on the Investor Relations/Corporate Governance section of the Company s website at *http://www.dukerealty.com.*

Table of Contents

2013 BOARD COMMITTEE MEMBERSHIP AND MEETINGS

The table below provides current membership and meeting information for each of the committees of the Board of Directors during 2013.

	Board	Audit	Executive Compensation	Finance	Corporate Governance
Mr. Thomas J. Baltimore	Member				Member
Mr. William Cavanaugh III	Lead Director				Chairman
Mr. Alan H. Cohen	Member		Chairman		
Ms. Ngaire E. Cuneo	Member	Member		Member	
Mr. Charles R. Eitel	Member				Member
Dr. Martin C. Jischke, Ph.D.	Member		Member		
Mr. Dennis D. Oklak	Chairman				
Ms. Melanie R. Sabelhaus	Member		Member		
Mr. Peter M. Scott, III	Member	Member		Member	
Mr. Jack R. Shaw	Member	Chairman		Member	
Ms. Lynn C. Thurber	Member		Member		
Mr. Robert J. Woodward Jr.	Member	Member		Chairman	
Number of 2013 Meetings	7	8	5	6	7

The independent directors met separately in executive sessions four times in 2013, in addition to the committee meetings noted above. As Lead Director, Mr. Cavanaugh presided over each of these executive sessions.

Majority Voting Policy for Director Elections

The Company s articles of incorporation provide that the election of directors at an annual meeting shall be by the affirmative vote of at least a majority of the shareholders present in person or by proxy and entitled to vote at such meeting. In addition, the Company s corporate governance guidelines provide for a majority voting policy for the election of directors. Pursuant to this policy, in any non-contested election of directors, any nominee for director who receives a greater number of votes against (including abstentions) his or her election than votes for such election, or a Majority Against Vote, shall promptly tender his or her resignation following certification of the shareholder vote. The Corporate Governance Committee shall consider the resignation offer and recommend to the Board of Directors the action to be taken with respect to such offer of resignation. Within 90 days following certification of the shareholder vote, the Board of Directors will act on the recommendation of the Corporate Governance Committee.

Any director who tenders his or her resignation pursuant to this provision shall not participate in the Corporate Governance Committee recommendation or Board of Directors action regarding whether to accept the resignation offer.

If each member of the Corporate Governance Committee received a Majority Against Vote in the same election, then the independent directors who did not receive a Majority Against Vote shall appoint a committee amongst themselves to consider the resignation offers and recommend to the Board of Directors whether to accept them.

If the only directors who did not receive a Majority Against Vote in the same election constitute three or fewer directors, all directors may participate in the action regarding whether to accept the resignation offers.

Table of Contents

Communications from Shareholders and Interested Parties

The Company provides a procedure for the Board of Directors to accept communications from shareholders of the Company that are reasonably related to protecting or promoting legitimate shareholder interests. Such procedure can be found on the Investor Relations/Corporate Governance section of the Company s website at *http://www.dukerealty.com*. In addition, as required by the listing standards established by the NYSE, the Company provides a method for interested parties to communicate with the non-management directors of the Board of Directors and/or the entire Board of Directors. Such communications should be directed to the non-management directors by writing to: Independent Directors, c/o Corporate Secretary, Duke Realty Corporation, 600 East 96th Street, Suite 100, Indianapolis, Indiana 46240. Communications also may be directed to the entire Board of Directors by writing to: Board of Directors, c/o Corporate Secretary, Duke Realty Corporation, 600 East 96th Street, Suite 100, Indianapolis, Indiana 46240.

Attendance at Board Meetings and the Annual Meeting

All of our directors during the term of their tenure attended at least 75% of the meetings of the Board of Directors in 2013, including meetings of the committees of which they were members. The Company encourages all of its directors to attend the annual meeting and, in 2013, all directors attended such meeting.

DIRECTOR COMPENSATION

The Company does not pay additional compensation to directors who are also employees of the Company. The non-employee directors received the following compensation in 2013:

an annual retainer of $75,000, payable in cash unless otherwise elected to be paid in shares of our common stock.

an annual supplemental retainer for the directors serving in the roles indicated in the following table:

Service Description	Annual Amount
Lead Director/Corporate Governance Committee Chairman(1)	$ 20,000
Audit Committee Chairman(2)	$ 15,000
Executive Compensation Committee Chairman(2)	$ 10,000
Finance Committee Chairman(2)	$ 10,000
Director on more than one committee	$ 5,000

(1) The positions of Lead Director and Corporate Governance Committee Chairman are currently held by the same individual, who received one supplemental annual retainer in the amount of $20,000 for 2013. Such supplemental annual retainer will be increased to $25,000 for 2014.

(2) For 2014, the supplemental annual retainers for the Chairs of the Audit, Executive Compensation, and Finance Committees will be increased to $20,000, $12,500, and $12,500, respectively.

an annual grant of restricted stock units, or RSUs, pursuant to the Duke Realty Corporation 2011 Non-Employee Directors Compensation Plan, or the 2011 Directors Plan. These RSUs were granted on February 10, 2013 and vested in full on the first anniversary of the grant date. The number of RSUs awarded was determined by dividing the grant value of $75,000 by the closing stock price on the grant date.

Newly appointed non-employee directors are entitled to a one-time grant of RSUs valued at $50,000. These awards vest in full on the second anniversary of the date of grant.

The directors are also reimbursed for reasonable travel expenses incurred in connection with attendance at meetings of the Board of Directors and its committees or other Company functions at which the Chairman of the Board of Directors and CEO requests the non-employee directors to participate. The Company does not provide any perquisites or other personal benefits or property to directors for which the aggregate value would exceed $10,000.

Non-employee directors may elect to defer receipt of all or a portion of their director compensation payable in cash, stock or RSUs pursuant to the Directors Deferred Compensation Plan. The deferred compensation and earnings thereon are to be paid to the directors after they cease to be members of the Board of Directors. Deferred compensation that is otherwise payable in shares of common stock is invested in a deferred stock account under the Directors Deferred Compensation Plan. Deferred compensation that is payable in cash may be invested in either a deferred stock account or an interest account under such plan. Each of these types of deferral accounts is described below.

Deferred Stock Account. This account allows the director, in effect, to invest his or her deferred compensation in shares of the Company s common stock. Funds in this account are credited as hypothetical shares of the Company s common stock based on the market price at the time the compensation would otherwise have been paid. Dividends on these hypothetical shares are deemed to be paid and reinvested in additional hypothetical shares based upon the market price of the Company s common stock on the date the dividends are paid. Actual shares are issued only when a director ends his or her service on the Board of Directors.

Interest Account. Through December 31, 2013, amounts in this account earned interest at a rate equal to 120% of the long-term applicable federal rate, as published by the Internal Revenue Service.

Stock Ownership Policies

Pursuant to the Company s Director and Executive Stock Ownership Guidelines, or the Stock Ownership Guidelines, a stock ownership goal for each director is determined on an individual basis, first in dollars equal to five times the director s annual retainer, and then by converting that amount to a fixed number of shares. Each director has five years to attain the target number of shares. A copy of these Stock Ownership Guidelines can be found on the Investor Relations/Corporate Governance section of the Company s website at *http://www.dukerealty.com*.

Stock Retention Requirements. Until directors reach their targeted share ownership, they are required to retain any shares that they owned on the date they became subject to the Stock Ownership Guidelines and at least 75% of net shares delivered through the Company s director compensation programs. For this purpose, net shares means the number of shares obtained by exercising stock options or through the vesting of awards, less the number of shares the director sells or trades to pay for any exercise costs. If the director transfers an award to a family member, the transferee will be subject to the same retention requirements.

Table of Contents

The following table sets forth compensation information for all of the Company s non-employee directors for the fiscal year ended December 31, 2013.

Director Compensation Table for 2013

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)(3)	Total ($)
Mr. Baltimore	75,000	75,000	150,000
Mr. Cavanaugh	93,000	75,000	168,000
Mr. Cohen	85,000	75,000	160,000
Ms. Cuneo	80,000	75,000	155,000
Mr. Eitel	75,000	75,000	150,000
Dr. Jischke	75,000	75,000	150,000
Ms. Sabelhaus	75,000	75,000	150,000
Mr. Scott	80,000	75,000	155,000
Mr. Shaw	95,000	75,000	170,000
Ms. Thurber	75,000	75,000	150,000
Mr. Woodward	90,000	75,000	165,000

(1) Messrs. Baltimore, Cavanaugh, Ms. Cuneo and Ms. Thurber each elected to receive payment of their base retainer and/or any supplemental retainer in shares of common stock as indicated in the following table. The number of shares was determined as the fee earned divided by the closing stock price on the date the retainer was earned.

Name	Total Number of Shares Received in 2013
Mr. Baltimore	4,846
Mr. Cavanaugh	5,994
Ms. Cuneo	5,169
Ms. Thurber	4,846

Mr. Cavanaugh and Ms. Cuneo elected to defer receipt of their shares pursuant to the Directors Deferred Compensation Plan of Duke Realty Corporation.

(2) Represents the aggregate grant date fair value of stock awards granted by the Company as computed under FASB ASC Topic 718. The fair value of the stock awards was equal to the stock price on the date of grant. Compensation in the form of stock awards includes RSUs granted in 2013.

Table of Contents

(3) No options were granted to directors in 2013. The following table sets forth the aggregate number of outstanding option and stock awards held by the Company s non-employee directors as of December 31, 2013:

Name	Number of Options	Number of RSUs	Number of DIU Awards (a)	Number of DIURP Awards (a)
Mr. Baltimore		4,874		
Mr. Cavanaugh	2,573	4,874		2,500
Mr. Cohen		4,874		
Ms. Cuneo	2,573	4,874		2,500
Mr. Eitel	2,573	4,874		2,500
Dr. Jischke	5,145	4,874		5,000
Ms. Sabelhaus		8,501		
Mr. Scott		4,874		
Mr. Shaw	2,573	4,874		2,500
Ms. Thurber		4,874		
Mr. Woodward	2,573	4,874		2,500

(a) In 2005, the Company offered awards under the 2005 DIU Replacement Plan, or DIURP, to replace certain awards under the Dividend Increase Unit Plan. Dividend increase units, or DIUs, represented the right, upon exercise, to receive shares of common stock having a value determined by calculating the dividend yield at the date the DIU was granted and dividing the increase in the Company s annualized dividend from the date of grant to the date of exercise by such dividend yield. The DIURP has substantially identical terms, except that the DIURP awards payout in shares as they vest. The above table reflects the number of outstanding DIURP awards held by each director as of December 31, 2013. There are no outstanding DIU awards. No DIU and DIURP awards were granted during 2013 as the Company no longer grants such awards. The DIURP awards had no value as of December 31, 2013.

AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors, or the Audit Committee, is composed of four directors, each of whom is independent under Securities and Exchange Commission, or SEC, Rule 10A-3 and the listing standards of the New York Stock Exchange. The duties and responsibilities of the Audit Committee are set forth in a written Audit Committee Charter which is available on the Investor Relations/Corporate Governance section of the Company s website at *http://www.dukerealty.com*. The Board of Directors has determined that each of Ms. Cuneo, Mr. Scott, Mr. Shaw and Mr. Woodward is an audit committee financial expert as defined by the rules of the SEC.

Management is responsible for the Company s internal controls, financial reporting process and compliance with laws and regulations and ethical business standards. KPMG LLP, or KPMG, the Company s independent registered public accounting firm, is responsible for performing an independent audit of the Company s consolidated financial statements in accordance with generally accepted auditing standards and issuing a report thereon. The Audit Committee s responsibility is to monitor and oversee these processes.

In connection with these responsibilities, the Audit Committee meets separately at most regular committee meetings with management, the Internal Audit Department and KPMG. The Audit Committee met with management and KPMG to review and discuss the Company s 2013 consolidated financial statements. The Audit Committee also discussed with KPMG the matters required by PCAOB Auditing Standard No. 16 (Communication with Audit Committees). Management and KPMG also made presentations to the Audit Committee throughout the year on specific topics of interest, including: (i) current developments and best practices for audit committees; (ii) updates on the substantive requirements of the Sarbanes-Oxley Act of 2002, including management s responsibility for assessing the effectiveness of internal control over financial reporting; (iii) the Company s critical accounting policies; (iv) the applicability of several new and proposed accounting releases; and (v) numerous SEC initiatives. The Audit Committee has received the written disclosures and the letter from KPMG in accordance with applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant s communications with the Audit Committee concerning independence, and the Audit Committee discussed with KPMG that firm s independence. The Audit Committee pre-approved all audit, audit-related and permitted non-audit services provided by KPMG to the Company and the related fees for such services, and has concluded that such services are compatible with KPMG s independence.

Based upon the Audit Committee s discussions with management and KPMG, and the Audit Committee s review of the representations of management and KPMG, the Audit Committee recommended that the Board of Directors include the audited consolidated financial statements in the Company s Annual Report on Form 10-K for the year ended December 31, 2013 to be filed with the SEC.

Audit Committee

Jack R. Shaw, Chairman

Ngaire E. Cuneo

Peter M. Scott, III

Robert J. Woodward, Jr.

The information contained in the Audit Committee Report shall not be deemed to be soliciting material or to be filed with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, except to the extent that we specifically incorporate it by reference in such filing.

Table of Contents

FEES PAID TO INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

The Company incurred the following fees for services rendered by KPMG, the Company s independent registered public accountants, during 2013 and 2012:

***Audit Fees**:* $1,207,969 for 2013 and $1,136,391 for 2012.

***Audit-Related Fees**:* $49,500 for 2013 and $46,062 for 2012. These fees include employee benefit plan audits and other accounting related consultation.

***Tax Fees**:* $11,792 for 2013 and $2,100 for 2012. These fees include services for various tax consulting matters.

***All Other Fees**:* None.

Audit Committee Pre-Approval Policies

The Audit Committee has adopted a policy that requires the pre-approval of all fees paid to KPMG for audit and non-audit services. Under that policy, the committee pre-approved the following services:

Tax consulting services in an amount not to exceed $30,000 per year;

Audit services associated with SEC filings in an amount not to exceed $60,000 per occurrence;

Consultations regarding the appropriate accounting or disclosure treatment of specific transactions or events in an amount not to exceed $20,000 per occurrence;

Audits of the Company s employee benefit plans in an amount not to exceed $40,000 per year; and

Accounting and compensation consulting services in an amount not to exceed $20,000 per year.

Any services in excess of the pre-approved amounts, or any services not described above, require the pre-approval of the Audit Committee chairman, with a review by the Audit Committee at its next scheduled meeting.

Audit Committee Review

The Company s Audit Committee has reviewed the services rendered and the fees billed by KPMG for the fiscal year ended December 31, 2013. The Audit Committee has determined that the services rendered and the fees billed last year that were not related directly to the audit of the Company s financial statements were compatible with the maintenance of independence of KPMG as the Company s independent registered public accountants.

Table of Contents

REPORT OF THE EXECUTIVE COMPENSATION COMMITTEE

Each member of our Executive Compensation Committee is independent, as determined by the Board of Directors and based on the NYSE listing standards. As members of the Executive Compensation Committee, we have primary responsibility for setting the compensation of the Company s senior executive officers in a manner that is effective and consistent with the compensation strategy for the Company. As part of that responsibility, we have reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K. Based upon such reviews and discussions, we recommended that the Board of Directors include the Compensation Discussion and Analysis in this Proxy Statement.

Executive Compensation Committee

Alan H. Cohen, Chairman

Dr. Martin C. Jischke

Melanie R. Sabelhaus

Lynn C. Thurber

The information contained in the Report of the Executive Compensation Committee shall not be deemed to be soliciting material or to be filed with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, except to the extent that we specifically incorporate it by reference in such filing.

Table of Contents

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

As noted above, the Executive Compensation Committee consists of four independent directors: Mr. Cohen, Dr. Jischke, Ms. Sabelhaus and Ms. Thurber. No member of the Executive Compensation Committee is or was formerly an officer or an employee of the Company. No executive officer of the Company serves as a member of the Board of Directors or compensation committee of any entity that has one or more executive officers serving as a member of the Company s Board of Directors, nor has such interlocking relationship existed in the past.

Table of Contents

PROPOSAL TWO: ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, enables our shareholders to vote to approve, on an advisory (nonbinding) basis, the compensation of our named executive officers. The Company seeks your advisory vote and asks that you support the compensation of our named executive officers as disclosed in this Proxy Statement.

As discussed in the Compensation Discussion and Analysis beginning on page 25, we have designed our executive compensation program to attract and retain the highest quality executive officers, directly link pay to our performance, and build value for our shareholders. Our program provides total compensation opportunities at levels that are competitive in our industry, ties a significant portion of each executive s compensation to his or her individual performance and contribution to achieving our key business objectives, and closely aligns the interests of our executives with the interests of our shareholders. In sum, our compensation is designed to reward executives when the Company achieves strong financial and operational results, and likewise to provide reduced pay when financial and operating results are not as strong or when our stock price decreases. We believe the 2013 compensation of our named executive officers is reflective of and consistent with that intent.

This proposal, commonly known as a say-on-pay proposal, gives our shareholders the opportunity to express their views on our named executive officers compensation. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers described in this Proxy Statement.

At the annual meeting of shareholders on April 24, 2013, over 96% of the shares voted were voted in support of the 2012 compensation of our named executive officers, which was discussed and disclosed in the 2013 proxy statement. The Executive Compensation Committee appreciates and values the views of our shareholders. In considering the results of last year s advisory vote to approve executive compensation, the Executive Compensation Committee concluded that the compensation paid to our executive officers and the Company s overall pay practices enjoy strong shareholder support. No significant changes were made to our executive compensation program for 2013 or 2014 as a result of the advisory vote.

The Board of Directors invites you to review carefully the Compensation Discussion and Analysis beginning on page 25 and the tabular and other disclosures on compensation under Executive Compensation beginning on page 42, and cast a vote to approve the Company s executive compensation programs through the following resolution:

Resolved, that shareholders approve the compensation of the Company s named executive officers as discussed and disclosed in the Compensation Discussion and Analysis, the executive compensation tables, and any narrative executive compensation disclosure contained in this Proxy Statement.

The say-on-pay vote is advisory, and therefore not binding on the Company, the Executive Compensation Committee or the Board of Directors. The shareholders advisory vote will not overrule any decision made by the Board of Directors or the Executive Compensation Committee or create or imply any additional fiduciary duty by our directors. The Board of Directors and Executive Compensation Committee value the opinions of our shareholders and to the extent there is any significant vote against the named executive officer compensation as disclosed in this Proxy Statement, we will consider our shareholders concerns and the Executive Compensation Committee will evaluate whether any actions are necessary to address those concerns.

The non-binding resolution to approve the compensation of the Company s executive officers will be approved if the votes cast in favor of the proposal exceed the votes cast against the proposal. Abstentions and broker non-votes will not be treated as votes cast and therefore will not affect the outcome.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR APPROVAL OF PROPOSAL TWO.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

In the paragraphs that follow, we provide an overview and analysis of our compensation program and policies, the material compensation decisions we have made under those programs and policies with respect to our top executive officers, and the material factors that we considered in making those decisions. Following this Compensation Discussion and Analysis, or CD&A, under the heading Executive Compensation, is a series of tables containing specific data about the compensation earned in 2013 by the following individuals, whom we refer to as our named executive officers:

- our Chairman and Chief Executive Officer, Dennis D. Oklak;
- our Executive Vice President and Chief Financial Officer, Mark A. Denien;
- our Senior Executive Vice President and Chief Operating Officer, James B. Connor;
- our President, Healthcare, James D. Bremner;
- our Executive Vice President, Construction, Steven R. Kennedy; and
- our former Executive Vice President and Chief Financial Officer, Christie B. Kelly;

Effective May 17, 2013, Ms. Kelly resigned from her position as our Executive Vice President and Chief Financial Officer. As a matter of convenience, throughout this CD&A we refer to the Board of Directors of the Company as the Board and to the Executive Compensation Committee as the Committee.

Executive Summary

Our Business. Duke Realty Corporation is a self-administered and self-managed REIT headquartered in Indianapolis, Indiana. As of December 31, 2013, our diversified portfolio of 754 rental and development properties, including jointly controlled properties, encompasses 152.6 million rentable square feet and is leased by a diverse base of approximately 2,900 tenants whose businesses include manufacturing, retailing, wholesale trade, distribution, healthcare and professional services. As a fully integrated commercial real estate firm, we provide in-house leasing, management, development and construction services. We also own, directly and through joint ventures, over 4,100 acres of land and control an additional 1,635 acres through purchase options.

Our Business Plan. Our 2013 business plan focused on distinct operational, asset and capital strategies.

- Our operational focus for 2013 was to maximize adjusted funds from operations, or AFFO, and funds from operations, or FFO, through (1) maintaining and increasing property occupancy and rental rates; (2) selectively developing (i) new build-to-suit projects and (ii) development projects that are substantially pre-leased or, in limited circumstances, speculative; (3) leveraging our construction expertise to act as a general contractor or construction manager on a fee basis; and (4) providing a full line of real estate services to our tenants and to third parties.
- Our asset strategy was to selectively reposition our investments by the continued disposition of assets to reduce our retail, suburban office and land holdings while increasing our investment in industrial and medical office product.

Our capital strategy was to improve our balance sheet by actively managing the components of our capital structure, while executing our overall operational and asset strategies, maintaining investment grade ratings from our credit rating agencies and improving the key metrics that drive such credit ratings.

Summary of 2013 Financial and Operational Results. Overall, 2013 was a successful year across all aspects of our strategic focus. The execution of our operational, asset and capital strategies contributed to our overall positive performance. As illustrated by the following highlights, in 2013, we accomplished our longer term strategic objectives.

Operational Strategy: Even with only modest improvements in the overall economic environment, we had strong leasing activity in 2013. We were able to execute approximately 30 million square feet of

25

Table of Contents

leasing, which was our strongest year since 2007. The leasing activity was comprised of over 16 million square feet of new leases and 14 million square feet of renewal leases. This strong leasing activity resulted in an increase in overall occupancy from 92.4% at December 31, 2012 to 94.0% at December 31, 2013. This occupancy level at December 31, 2013 represents the highest overall occupancy level of the Company since 1995. In addition to increasing our occupancy, we were able to obtain positive rental rate growth on renewals of 2.9%.

Asset Strategy: During 2013, we accomplished our asset strategy of increasing our quality industrial and medical office portfolio while reducing our investment in retail and suburban office properties. We acquired over $500 million of 100% leased industrial properties during 2013. Development starts for the year consisted of 26 projects totaling 6.9 million square feet representing $666 million of projected stabilized costs that are estimated to earn a 7.7% stabilized return on costs. These developments starts were 91% pre-leased in the aggregate and consisted of $372 million of industrial projects; $179 million of medical office projects and three office projects for $115 million. This is the highest volume of development starts since 2007 and the highly pre-leased projects will generate significant earnings accretion when placed in-service. Dispositions activity was strong with over $877 million of property sales closing in 2013, including $374 million of suburban office, $286 million of medical office and $188 million of retail properties.

Capital Strategy: We executed a number of significant transactions in support of our capital strategy during 2013 in order to optimally sequence our unsecured debt maturities, support our acquisition and development strategy and to improve the overall leverage profile of the Company. We raised $669 million of equity at an average price of $14.50 per share. We also executed three separate unsecured debt transactions totaling $750 million and lowered our overall borrowing rate. In aggregate, we were successful in raising over $1.4 billion of capital proceeds. Our capital strategy actions have enabled us to continue strengthening our balance sheet, experience more productive capital market transactions and effectively manage our debt maturity schedule. We were able to improve all of our key leverage metrics including improving our fixed charge coverage ratio from 1.8x for 2012 to 2.1x for 2013. In addition, we have maintained or attracted high quality debt and equity investors as well as maintained the support of the rating agencies.

Our Link Between Company Strategy and Compensation. As part of its continual review of our business strategy, management and the Board set financial goals designed to drive Company growth within the reality of current economic conditions. Our 2013 performance goals established at the beginning of the year for our compensation program were set with a wide range between threshold and superior performance. Superior-level performance goals were established significantly above our expected results. Performance metrics throughout our business were also directly aligned with our strategy and focus on cash. While the economic recovery remained modest during 2013, we were able to execute effectively in all phases of our strategy during 2013.

In keeping with the Committee s long-held compensation philosophy of pay for performance, the 2013 compensation of our named executive officers was based on the Company s business results and total shareholder return, both in the amount of annual bonus earned and the value of long-term equity awards. For example:

The aggregate payout for 2013 annual bonuses for our named executive officers was 144.67% of target. This was largely a reflection of our strong performance across our operational, asset and capital strategies as discussed above, which formed the basis for financial and operational metrics that were used to determine bonus payouts. These results collectively determined 80% of the annual bonus for Mr. Oklak, and the operational strategy results determined 80% of the annual bonus for Mr. Denien, 68% for Mr. Connor, and 45% for Messrs. Bremner and Kennedy. Due to her departure in May 2013, Ms. Kelly did not receive an annual bonus for 2013.

The 9.8% increase in AFFO (from $0.82 in 2012 to $0.90 in 2013) and the increase in our stock price plus reinvested dividends over the course of 2013 directly affected the amount our named executive officers may earn from their outstanding performance shares, which measure these results over a three-year period for both AFFO and total shareholder return for the 2011, 2012 and 2013 grants. As shown in further detail in the section entitled Performance Share Awards included in the discussion of Long-Term Incentive Awards below, each of our named executive officers earned 118.28% of the target number of performance shares granted in 2011, except for Mr. Denien who was not eligible for the Performance Share Plan at that time, and Ms. Kelly who forfeited her 2011 Performance Share Plan award due to her departure in May 2013.

Executive Compensation Practices. The Committee is mindful of evolving practices in executive compensation and corporate governance. The table below highlights our current executive compensation practices both the practices we believe drive performance and mitigate risk and the practices we have not implemented or eliminated because we do not believe they would serve our shareholders long-term interests.

Our Executive Compensation Practices: (What We Do)	See page	Executive Compensation Practices We Have Not Implemented: (What We Don t Do)	See page
We strive to provide a balanced pay opportunity for our executives, consisting of an appropriate mix of cash and equity, annual and longer-term incentives, and fixed and variable pay.	31		
The Committee makes all final compensation decisions regarding our named executive officers, with input from our CEO with regard to compensation for our named executive officers other than himself.	32		
The Committee engages an independent compensation consultant to provide advice and recommendations regarding executive compensation. The consultant is retained directly by and reports to the Committee.	29	Our compensation consultant did not provide any services in 2013 to the Company beyond the scope of its engagement with the Committee. As discussed under Role of the Committee and its Consultants, the Committee does not believe that the work of its compensation consultant has raised any conflict of interest.	29, 39
The Committee reviews comprehensive analyses of each named executive officer s compensation in total and by component.	32		
Our annual bonus plan is performance-based and has appropriate caps on bonus payouts. The 2013 financial/operational performance goals for our named executive officers were designed to directly enhance our primary operational goal for the year (maximizing cash from operations) and our longer-term strategies to deleverage our balance sheet and reposition our asset mix.	34	We do not change performance metrics mid-cycle and we do not provide forgiveness for not achieving performance goals under our incentive programs.	32
We encourage alignment of our executive officers interests with those of our shareholders through the award of long-term equity grants. In 2013, the long-term equity grant to our named executive officers was awarded two-thirds in restricted stock awards that vest ratably over five-years and one-third in performance shares that vest based on average annual growth in AFFO per share and relative total shareholder return performance, both measured over a three-year period.	37		

Table of Contents

Our Executive Compensation Practices: (What We Do)	See page	Executive Compensation Practices We Have Not Implemented: (What We Don t Do)	See page
Other than an annual executive physical outside of the regular healthcare plan, financial advisory services, automobile and cell phone allowances and, in limited circumstances, reimbursement for moving expenses, our named executive officers participate in the same welfare benefit programs available at the same cost to all other salaried employees. We provide only modest perquisites.	39	We do not provide tax gross-ups on perquisites or on imputed income, if any, other than under our relocation program that applies to all employees.	
We generally do not enter into employment agreements with our executive officers. However, a small number of officers, including our named executive officers, have letter agreements that provide severance conditioned on the officer s compliance with post-termination restrictive covenants, including covenants not to solicit our customers or employees, not to go to work for our competitors, and not to disclose our confidential information and trade secrets.	41	We do not provide tax gross-up protection for change in control excise taxes.	48
Our equity incentive plan provides for double-trigger vesting for awards granted after 2010 that are assumed by the acquiring company in a change in control.	49	The change in control definition contained in our equity incentive plan is not a liberal definition that would be activated on shareholder approval of a transaction.	49
		Our equity incentive plan expressly prohibits repricing of options or SARs (directly or indirectly) without prior shareholder approval.	
Our compensation programs encourage employees to build and maintain an ownership interest in the Company. We maintain robust share ownership and retention guidelines for our senior executive officers and our directors.	40	Our insider trading policy prohibits any employee, officer or director from engaging in hedging activities involving Company stock, and generally prohibits margin loans involving Company stock.	
We have designed our compensation program to avoid and mitigate undue risk, including diversification of performance measures, caps on potential payments, clawback provisions, balanced time-horizons on incentive compensation, and annual risk assessments.	50	Upon assessment in 2013, the Committee concluded that our compensation programs are well designed overall to not encourage behavior that would create a material risk for the Company.	51

Consideration of Most Recent Say on Pay Vote

At the annual meeting of shareholders on April 24, 2013, over 96% of the shares voted were voted in support of the 2012 compensation of our named executive officers, as discussed and disclosed in the 2013 proxy statement. The Committee appreciates and values the views of our shareholders. In considering the results of this most recent advisory vote to approve executive compensation, the Committee concluded that the compensation paid to our executive officers and the Company s overall pay practices enjoy strong shareholder support. No significant changes were made to our executive compensation program for 2013 or 2014 as a result of the advisory vote.

Table of Contents

The Committee recognizes that executive pay practices and notions of sound governance principles continue to evolve. Consequently, the Committee intends to continue paying close attention to the advice and counsel of its independent compensation advisors and invites our shareholders to communicate any concerns or opinions on executive pay directly to the Committee or the Board. Please refer to Contacting the Board of Directors on page 12 for information about communicating with the Board.

At the annual meeting of shareholders on April 27, 2011, our shareholders expressed a preference that advisory votes on executive compensation occur every year. Consistent with this preference, the Board of Directors determined to implement an advisory vote to approve executive compensation every year until the next required vote on the frequency of shareholder votes on the compensation of executives, which will occur no later than the 2017 annual meeting.

Overview of Executive Compensation Philosophy and Objectives

We have designed our executive compensation program, under the direction of the Committee to attract and retain the highest quality executive officers, directly link pay to our performance, and build value for our shareholders. In order to do this effectively, our program is designed to:

- provide total compensation opportunities with a combination of compensation elements that are competitive,
- tie a significant portion of each executive s compensation to his or her individual performance and contribution to achieving our key business objectives, and
- align shareholder interests and executive rewards by tying a significant portion of each executive s compensation opportunity to pay for performance standards designed to increase long-term shareholder value.

Role of the Committee and its Consultants

The Committee has primary responsibility for setting the compensation of the Company s senior executive officers in a manner that is effective and consistent with the compensation strategy for the Company. As part of that responsibility, the Committee reviews on an individual basis the performance of each of the named executive officers. The Committee also oversees the design, implementation and administration of the Company s equity-related compensation plans. A more complete description of the Committee s functions is set forth in the Committee s charter, which is available on the Investor Relations/Corporate Governance section of the Company s website at *http://www.dukerealty.com*.

Each of the four members of the Committee is independent, as determined by our Board and based on the NYSE listing standards. Their independence from management allows the Committee members to apply independent judgment when designing and overseeing our compensation program and in making pay decisions.

To assist in evaluating the compensation practices at the Company, the Committee regularly uses independent compensation consultants to provide advice and ongoing recommendations regarding executive compensation that are consistent with our business goals and pay philosophy. In 2013, the Committee engaged Frederic W. Cook & Co., Inc., or Cook & Co., as its independent executive compensation consultant, that reports directly to the Committee. A representative of Cook & Co. attends meetings of the Committee, as requested, and communicates with the Committee Chair between meetings. Cook & Co. reviews compensation recommendations submitted by the Company and assists the Committee in allocating our executives targeted total direct compensation among base salary, annual incentive bonus opportunity and long-term incentive opportunity. These processes are described below. As noted above, the Committee does not believe that the work of Cook & Co. has raised any conflict of interest.

Table of Contents

Assessing the Competitive Marketplace

As part of its process of evaluating our compensation program, the Committee reviews compensation data to ensure that our executive officer compensation is competitive in the marketplace. In 2013, management engaged FPL Associates, or FPL, to provide market data from two peer groups. The first peer group, developed in consultation with Cook & Co., consisted of 14 public REITs that are similar in size to the Company in terms of total capitalization (market value of common stock, preferred stock, operating partnership units and balance sheet long-term debt). This group was used as the primary source to assess competitive levels of compensation for our executive officers. The total capitalization of companies in this peer group ranged from approximately $5.1 billion to $23.3 billion, with a median of $9.9 billion (as of June 30, 2013). The Company s total capitalization of approximately $10.0 billion (also as of June 30, 2013) was consistent with the median of the peer group. The companies included in the REIT compensation peer group are as follows:

Apartment Investment and Management Company

AvalonBay Communities, Inc.

BioMed Realty Trust, Inc.

Camden Property Trust

CBL & Associates Properties, Inc.

Douglas Emmett, Inc.

Digital Realty Trust, Inc.

DDR Corp.

Federal Realty Investment Trust

Highwoods Properties, Inc.

Kimco Realty Corporation

Liberty Property Trust

The Macerich Company

UDR, Inc.

As a secondary point of reference, the Committee also reviewed compensation data from a second peer group comprised of 13 general public companies outside the REIT industry that are similar in size to the Company in terms of equity market capitalization. The equity market capitalization of companies in this peer group ranged from approximately $2.7 billion to $11.2 billion, with a median of $5.0 billion (as of August 16, 2013). The Company s equity market capitalization of approximately $4.6 billion (also as of August 16, 2013) was consistent with the median of the peer group. The companies included in the general public company compensation peer group are as follows: American Eagle Outfitters, Inc., Arthur J. Gallagher & Co., Constellation Brands, Inc., Dunkin Brands Group, Inc., E*Trade Financial Corporation, Equifax, Inc., First Republic Bank, Frontier Communications Corporation, Guess? Inc., Nordson Corporation, Panera Bread Co., Tyson Foods, Inc., Williams-Sonoma Inc.

How the Committee Uses Benchmarking Data

The Committee s objective related to executive compensation is to provide a range of compensation opportunities with a combination of elements and with a midpoint that are generally at competitive median opportunities. To do this, the Committee reviews the median compensation levels from the REIT compensation peer group companies for each component of pay, including base salary, target annual incentive bonus, target total cash compensation (which includes both base salary and target annual incentive bonus), target long-term compensation, and target total direct compensation (which includes base salary, target annual incentive bonus, and the target value of long-term incentives) for each executive officer position at the Company. In making actual pay decisions within the range of these median parameters, the Committee considers each executive s experience level and job performance; his or her duties and responsibilities at the Company compared to the duties and responsibilities of executive officers in similar positions at REIT compensation peer group companies; the Company s performance; internal pay equity; and other circumstances unique to the Company. In considering these qualitative and quantitative factors, there is an inherent amount of subjectivity exercised by the Committee in order to reflect its view of what is appropriate and fair under the circumstances of our Company and our executive officers. As noted above, the Committee uses the market data from the general public company peer group as a secondary reference point, but such market data is not a material factor considered by the Committee in establishing compensation for our executive officers.

Determining Individual Compensation Levels and Pay Mix

The basic elements of our total direct compensation program consist of: (1) base salary, which is paid in cash and is an element of fixed compensation in the sense that it does not vary based on performance, (2) annual incentive bonus, which is paid in cash, but is variable compensation in the sense that the payout varies based upon the Company s and the executive officer s performance against prescribed annual goals, and (3) long-term incentives, which in 2013 were delivered in the form of RSUs and performance shares that will be settled in shares of our common stock if and to the extent earned. This form of long-term incentive is considered variable compensation in the sense that its value is dependent on variations in the Company s stock price as well as, in the case of performance shares, performance against operational and financial goals.

We tailor our compensation program each year to provide what we consider to be a proper balance of the various elements, taking into consideration the competitive market data for our REIT and general public company compensation peer groups and the rank and responsibility of each employee.

With the input of Cook & Co., the Committee allocated each executive s targeted total direct compensation among base salary, annual incentive bonus opportunity and long-term incentive opportunity.

We believe that a significant percentage of our executives compensation should be at risk and subject to performance. We also attempt to balance the short and long-term focus of our executives and to align their interests with our shareholders by providing a meaningful portion of their compensation in the form of equity.

To illustrate how we apply this strategy, the charts on the following page show the allocations of the fiscal year 2013 target total direct compensation for our CEO and the fiscal year 2013 average target total direct compensation for our other named executive officers, respectively. Base salary is the only fixed element of compensation, with the remainder being at risk. Base salary and annual bonus are paid in cash, while 100% of the long-term incentive opportunity (RSUs and performance shares) is paid in stock.

Fiscal 2013 Targeted Total Direct Compensation(1)

(1) Mr. Denien and Ms. Kelly are not included in the Other NEO s chart since neither was in the chief financial officer position for the entire year and each of their respective 2013 target total direct compensation does not fully represent the chief financial officer position.

= Base Salary

= Annual Bonus

= Performance Shares

= Restricted Stock Units

Analysis of 2013 Compensation Decisions

The Committee assesses the individual performance of the executive officers, including the CEO, in addition to the financial and operational results of the Company, and, for Messrs. Connor, Bremner and Kennedy, the financial and operational results of their respective divisions, against annual objectives. In regard to the CEO, the Committee is responsible for reviewing the achievement of individual goals and objectives, evaluating the CEO s overall performance, and setting the CEO s compensation based on this evaluation. Among other things, in particular with respect to the CEO, the Committee evaluates strategic vision and leadership, the Company s financial and operational results, the executive s ability to make long-term decisions that create competitive advantage and position the Company as a leading REIT, and overall the effectiveness of the executive as a leader and role model.

Individual, and if applicable, division performance, as discussed below, is one of the considerations in setting the base salaries of our named executive officers. Because our officers annual and long-term incentive opportunities are determined by reference to a percentage of base salary, the individual and division performance assessments are also indirectly reflected in the annual and long-term incentive elements of our compensation program. For our named executive officers, 10% to 20% of the annual incentive bonus is directly tied to individual performance. Division performance accounts for 45% of Mr. Connor s annual incentive bonus, reflecting his role as Senior Executive Vice President and Chief Operating Officer, or COO. Likewise, division performance accounts for 45% of Messrs. Bremner s and Kennedy s annual incentive bonus, reflecting their respective roles as President, Healthcare, and Executive Vice President, Construction.

CEO Individual Performance. At the beginning of each year, the Committee reviews and approves individual goals for Mr. Oklak. These goals relate to financial and operational performance, implementation of

32

Table of Contents

strategic initiatives and personnel development and recruitment. For example, in 2013, Mr. Oklak s individual goals included, among others: adding a new director to the Board, developing key executives, furthering our asset repositioning and capital strategies and improving focus on diversity within the Company. After the end of each year, the Committee assesses Mr. Oklak s performance against his individual goals for the prior year. This assessment is taken into account in setting his base salary for the current year and in determining a portion of his annual bonus for the prior year.

Other Executive Officers Individual and Division Performance. Development of individual, and if applicable division, performance goals for each named executive officer, is a collective effort by Mr. Oklak, the Committee and the named executive officer himself or herself. At the beginning of each year, Mr. Oklak makes recommendations to the Committee for individual and division performance goals for each named executive officer. The individual and division goals vary considerably from one executive to another, as a reflection of their different roles within the Company.

As the Company s Chief Financial Officer, or CFO, Mr. Denien s individual goals for 2013 focused on successfully transitioning into his new role as CFO, further developing his direct reports, contributing to the development of our 2014 long-term strategic plan, developing relationships with investors and analysts, contributing to the community and the commercial real estate industry in a meaningful way and diversity and inclusion goals.

Mr. Connor had individual and division goals tailored to reflect his responsibilities as Senior Executive Vice President and Chief Operating Officer, including goals in the following areas: property cash flow (AFFO), same-property net operating income growth, average in-service lease up occupancy, lease quality, overhead expenses, development starts and yields, continued development of his leadership team and diversity and inclusion goals.

Mr. Bremner had individual and division goals for 2013 related to his responsibilities to oversee the Company s healthcare and marketing divisions, including goals in the following areas: property cash flow (AFFO), same-property net operating income growth, average in-service lease up occupancy, lease quality, overhead expenses, development starts and yields, continued development of his leadership team and diversity and inclusion goals.

Mr. Kennedy had individual and division goals tailored to reflect his responsibilities related to the Company s construction matters, including executing on budgeted development and third party construction starts and volume, achieving third party construction fee revenue goals, implementing operational initiatives, managing overhead expenses, developing his leadership team and diversity and inclusion goals.

As the former CFO, Ms. Kelly had individual performance goals in place that reflected her role including achieving capital strategy objectives, maintaining our balance sheet strength, refining the next phase of our company strategy, contributing to the community, developing her financial leadership team and overall company talent development, and making significant progress in our asset and operating strategies. However, due to her departure in May 2013, Ms. Kelly did not receive an annual bonus for 2013.

Due to the tailored nature of these individual and division goals, the assessment of their achievement is necessarily more subjective than for the financial and operational goals that comprise the Company s overall performance objectives. Based upon his evaluation, the CEO reports to the Committee his assessment of the individual and division performance of each executive officer other than himself. This assessment is taken into account in setting base salaries for our officers for the next year. In addition, as discussed below, individual performance accounts for 10% to 20% and division goals account for 45% of these officers annual incentive bonus determination for the most recently completed year.

Table of Contents

Base Salaries

Base salaries paid to the Company s executive officers are the fixed portion of annual compensation and are intended to recognize the fundamental skills and experience of our executive officers. The base salaries are reviewed annually by the Committee and are adjusted from time to time to recognize the officer s level of responsibility, outstanding individual performance, promotions, internal equity considerations and external competitive compensation data. Mr. Oklak s base salary increased $20,000 to $720,000 at the beginning of 2013 to recognize his experience level and overall performance during 2012. Mr. Denien s pay was increased to $340,000 on May 17, 2013 in connection with his promotion to Executive Vice President and Chief Financial Officer. Mr. Connor s base salary was increased by $10,000 to $385,000 at the beginning of 2013 in recognition of his performance during 2012, and then by $40,000 to $425,000 on July 31, 2013 in connection with his promotion to Senior Executive Vice President and Chief Operating Officer. Messrs. Bremner s and Kennedy s base salaries were increased at the beginning of 2013 by $10,000 and $8,000 respectively to $385,000 and $338,000 in recognition of their performance in 2012.

Annual Cash Incentives

The Company pays annual incentive bonuses to reward executives for achieving or surpassing annual performance goals which are directly related to our key financial and operational objectives for the year and for execution of specific strategies of the Company. At the beginning of each year, the Committee establishes performance targets for the annual incentive program. These performance targets are developed using economic and industry factors, including the interest rate environment, general market conditions, overall Company leverage, annual capital recycling goals, the capital market environment, specific platform issues, and other considerations.

Each named executive officer has a target annual bonus potential, expressed as a percentage of base salary, that is based on his or her role and responsibilities, internal equity considerations, and external competitive compensation data as reviewed from time to time. Annual bonuses are paid in cash in February, for the prior year s performance, and are based upon the Committee s assessment of the Company s overall performance against goals and each executive s individual (and, if applicable, regional or division) performance against goals approved by the Committee, with a higher emphasis on overall Company performance for the CEO and CFO.

For Mr. Oklak, overall Company performance in 2013 was determined using three components, relating to our operational, capital and asset strategies, respectively. Company performance in 2013 for Messrs. Denien, Connor, Bremner and Kennedy was determined using goals related to the operational component, in addition to certain regional and division performance objectives for Messrs. Connor, Bremner and Kennedy. The operational component was, in turn, based on three subcomponents: one that measures the Company s annual change in AFFO per share, one that measures the average in-service lease up occupancy of our real estate portfolio, and one that measures annual change in same-property net operating income, each as described in more detail below. We selected these measures because they directly impact and are indicative of our success in achieving our primary financial and operational objectives for 2013: namely, increasing profitability by maximizing cash from operations.

To calculate AFFO, FFO must first be computed. FFO is computed in accordance with standards established by the National Association of Real Estate Investment Trusts, or NAREIT. NAREIT defines FFO as net income (loss) excluding gains (losses) on sales of depreciable property, impairment charges related to depreciable real estate assets, and extraordinary items (computed in accordance with generally accepted accounting principles (GAAP)); plus real estate related depreciation and amortization, and after similar adjustments for unconsolidated joint ventures. Then, FFO computed in accordance with NAREIT, is adjusted for certain items that are generally non-cash in nature and that materially distort the comparative measurement of company performance over time. The adjustments include gains on sale of undeveloped land, impairment charges not related to depreciable real estate assets, tax expense or benefit related to (i) changes in deferred tax asset valuation allowances, (ii) changes in tax exposure accruals that were established as the result of the previous adoption of new accounting principles, or (iii) taxable income (loss) related to other items excluded from FFO or Core FFO (collectively referred to as other income tax items), gains (losses) on debt transactions, adjustments on the repurchase or redemption of preferred stock, gains (losses) on and related cost of acquisitions, and severance charges related to major overhead restructuring activities. Although our calculation of Core FFO differs from NAREIT s definition of FFO and may not be comparable to that of other REITS and real estate companies, we believe it provides a meaningful supplemental measure of our operating performance. AFFO is Core FFO less recurring building improvements and total second generation capital expenditures (the leasing of vacant space that had previously been under lease by the company is referred to as second generation lease activity) related to leases commencing during the reporting period, and adjusted for certain non-cash items including straight line rental income, noncash components of interest expense and stock compensation expense, and after similar adjustments for unconsolidated partnerships and joint ventures.

Average In-Service Occupancy (Lease-Up Basis) is the average square feet represented by executed leases, without regard to whether the leases have commenced, divided by the total average square feet of our in-service real estate portfolio.

Same-Property Net Operating Income represents the year-over-year percentage change in property level net operating income for all properties that have been in service for 24 months or longer and that have not had an individual gross lease termination fee in excess of $250,000 during the last 24 months. Net operating income is equal to FFO excluding the effects of straight-line rent, concession amortization and market lease amortization.

The following table shows the performance goals and weightings of the 2013 annual incentive bonus opportunities for Messrs. Oklak and Denien.

	Weighting for Mr. Oklak	Weighting for Mr. Denien	2013 Annual Incentive Targets				
			Threshold	Target	Stretch	Superior	Actual
Operational Strategy							
AFFO/Share	20%	26.67%	$ .80	$ .86	$ .90	$ .92	.90
Average In-Service Lease Up Occupancy	20%	26.67%	91%	93%	94%	94.5%	93.3%
Same-Property Net Operating Income	20%	26.67%	.5%	2.0%	3.0%	4.0%	3.7%
Capital Strategy	10%	0%	Achievement of the following long-term goals: (1) ratio of debt to gross book assets of 45% or less and (2) ratio of debt to EBITDA of below 6.0 times.				
Asset Strategy	10%	0%	Achievement of a change in product type mix to 60% industrial, 25% office, and 15% medical office.				
Individual Goals	20%	20%	Subjective assessment of achievement of individual goals for 2013 as discussed above.				
Total	100%	100%					

Table of Contents

The following table shows the performance goals and weightings of the 2013 annual incentive bonus opportunity for Messrs. Connor, Bremner and Kennedy.

		2013 Annual Incentive Targets				
	Weighting	**Threshold**	**Target**	**Stretch**	**Superior**	**Actual**
Operational Strategy						
AFFO/Share	15%	$ .80	$ .86	$ .90	$ .92	$ .90
Average Lease Up Occupancy	15%	91%	93%	94%	94.5%	93.3%
Same-Property Net Operating Income	15%	.5%	2.0%	3.0%	4.0%	3.7%
Division Goals for Mr. Connor	45%	A mix of financial and operational goals applicable to our entire real estate portfolio, including property level AFFO ($542.8 million target, $563.0 million actual), same-property NOI growth (2.26% target, 3.75% actual), average in-service lease up occupancy (93.16% target, 93.34% actual), lease quality (various) and current year development starts stabilized in the current year ($506.7 million target, $535.3 million actual).				
Division Goals for Mr. Bremner	45%	A mix of financial and operational goals applicable to our Healthcare Division, including AFFO ($84.7 million target, $88.1 million actual), same property NOI growth (1.07% target, 3.32% actual), average in-service lease up occupancy (92.15% target, 92.74% actual), lease quality (various), and current year developments stabilized in current year ($205.5 million target, $139.9 million actual).				
Division Goals for Mr. Kennedy	45%	A mix of financial and operational goals applicable to our Construction Division, including: construction volume ($687.0 million target, $620.6 million actual), construction starts ($555.5 million target, $814.1 million actual), third party fee revenue ($17.2 million target, $20.6 million actual), and various overhead expense metrics.				
Individual Goals	10%	Subjective assessment of achievement of individual goals for 2013 as discussed above.				
Total	100%					

Financial component target levels set for our executive compensation program are used for that limited purpose and should not be understood to be statements of management s expectations of our future results or other guidance. Investors should not apply these targets in any other context.

Table of Contents

The following table shows the target annual incentive bonus for 2013 for each of our named executive officers and the actual award earned, in each case expressed as a percentage of base salary:

Name	Target Annual Bonus (as a % of Salary)	Actual Annual Bonus (as a % of Salary)
Mr. Oklak	135%	202.5%
Mr. Denien	90%	133.2%
Mr. Connor	125%	175.8%
Mr. Bremner	110%	155.5%
Mr. Kennedy	105%	143.9%
Ms. Kelly(1)	110%	

(1) Due to her departure in May 2013, Ms. Kelly did not receive an annual bonus for 2013.

Long-Term Incentive Awards

The objectives of the Company s long-term incentive compensation program are to:

- reward achievement over a multi-year period;
- align the interests of executives with those of shareholders by focusing executives on the shareholder return performance of the Company; and
- provide a retention mechanism through multi-year vesting.

The Committee oversees grants of long-term incentives on an annual basis and at such other times as may be warranted. A target long-term incentive award value is established for each executive, as a percentage of base salary. The Committee determines the target grant amounts using factors similar to those used in setting annual incentive targets, including the executive s level of responsibility within the Company and internal and external equity considerations.

The following table shows the target long-term incentive award values for 2013 for each of our named executive officers, expressed as a percentage of base salary:

Name	Target Long-Term Incentive Award Value (as a % of Salary)
Mr. Oklak	320%
Mr. Denien(1)	40%
Mr. Connor	160%
Mr. Bremner	130%
Mr. Kennedy	125%
Ms. Kelly(2)	165%

(1) The target long-term incentive award value (as a percentage of salary) for Mr. Denien was 40% when 2013 long-term incentive awards were granted in February 2013 which was prior to Mr. Denien s promotion to CFO on May 17, 2013.

Mr. Denien s target long-term incentive award value (as a percentage of salary) was increased to 155% upon being promoted which will apply to his 2014 annual grant.

(2) In connection with her resignation, Ms. Kelly forfeited all unvested long-term incentive awards including her 2013 long-term incentive award.

RSUs. To support the retention of key talent and to manage the efficient use of shares in our stock plan, the Committee elected to make two-thirds of the long-term incentive grants in 2013 in the form of RSUs. RSUs provide the Company s executive officers with long-term incentive opportunities that are aligned with the

Table of Contents

shareholder benefits of an increased common stock value. In addition, RSUs are aligned with performance because they allow the holder to share in total shareholder return, both through share price appreciation and dividends. They are directly aligned with shareholders because they have both upside opportunity, as well as downside risk. Compared to stock options, RSUs are less leveraged, but can have a stronger retention incentive because they continue to have some value even if the stock price declines after the grant date.

The RSUs granted in 2013 vest 20% per year over a five-year period, subject to the holder s continued employment. During the vesting period, RSUs accumulate dividend equivalents, which are deemed to be reinvested in additional RSUs based upon the closing price of the Company s common stock on the dividend payment date. Upon vesting, the original RSUs and the RSUs acquired through corresponding dividend equivalents are converted to shares of the Company s common stock and paid to participants.

Performance Share Awards. In February 2010, the Committee adopted the 2010 Performance Share Plan, or PSP, which is a subplan of the Duke Realty Corporation Amended and Restated 2005 Long-Term Incentive Plan, or the 2005 Incentive Plan. The PSP is designed to provide executive officers with long-term incentive opportunities directly related to financial performance objectives established by the Committee for each award. Performance shares granted under the PSP represent the right to earn actual shares of the Company s common stock at the end of a performance cycle established for each grant of a PSP award. The actual number of shares to be earned with respect to an award is based upon the number of targeted performance shares, multiplied by a payout percentage determined by the level of performance against pre-established performance goals. Awards under the PSP may also provide for additional shares payable as dividend equivalents earned on performance shares that vest. No dividend equivalents are earned on performance shares that do not vest.

One-third of the total grant-date value of the long-term equity awards made to our named executive officers in February 2013 consists of performance shares under the PSP, except for Mr. Denien who had not yet been promoted to CFO and was therefore not eligible for PSP awards at that time. These awards have two financial performance components. The first financial component measures the Company s average annual growth in AFFO per share over a three-year period beginning January 1, 2013. The second financial component measures our annualized total shareholder return (changes in stock price, inclusive of reinvested dividends) relative to a peer group over a three-year period beginning January 1, 2013. For purposes of relative total shareholder return comparisons, the Company selected REITs against which we most directly compete for business and/or capital for inclusion in the performance peer group:

Brandywine Realty Trust	EastGroup Properties, Inc.	Liberty Property Trust
Corporate Office Properties Trust	First Industrial Realty Trust, Inc.	Mack-Cali Realty Corporation
DCT Industrial Trust Inc.	Highwoods Properties, Inc.	Prologis, Inc.

Payout of Performance Share Awards Granted in 2011. In 2013, Messrs. Oklak, Connor, Bremner and Kennedy earned a payout of the performance shares granted under the PSP in 2011, or the 2011 PSP Awards. The 2011 PSP Awards had two financial performance components, one that measured the Company s average annual growth in AFFO and one that measured the Company s average annual total shareholder return, both over a three-year period beginning January 1, 2011.

The following table shows the AFFO metric goals and corresponding payout percentages, with payout for performance between levels linearly interpolated between 50% and 150%, for the 2011 PSP Awards.

Average Annual Growth in AFFO per share Weighted 50%		
Performance Level	**Targets**	**Payout Percentage**
Superior	7% or above	150%
Target	4%	100%
Threshold	2%	50%
	Less than 2%	0%

Table of Contents

The following table shows the total shareholder return goals and corresponding payout percentages, with payout for performance between levels linearly interpolated between 50% and 150%, for the 2011 PSP Awards.

Average Annual Total Shareholder Return Weighted 50% **Performance Level**	**Targets**	**Payout Percentage**
Superior	17% or above	150%
Target	12%	100%
Threshold	6%	50%
	Less than 6%	0%

For purposes of the 2011 PSP Awards, our average annual growth in AFFO per share was 5.84%, resulting in a payout percentage of 130.67% and our average annual total shareholder return was 12.59%, resulting in a payout percentage of 105.9%. The combined payout percentage was 118.28%, the simple average of the two payout percentages. In addition, dividend equivalents accrued on the performance shares earned were paid out in shares of stock. Please see Executive Compensation Option Exercises and Stock Vested in 2013 for the number of shares of stock and value thereof received by our named executive officers in connection with the payout of the 2011 PSP Awards.

Other Compensation and Benefits

The Company s executive officers participate in benefits plans generally available to all other employees. The Company also provides certain benefits to its executive officers that are not available to all other employees, such as physical examinations that are outside the normal health care plan, financial advisory services, automobile and cell phone allowances and, in limited circumstances, reimbursement for moving expenses. For additional information on these benefits made available during fiscal 2013, please see the Summary Compensation Table under the section entitled Executive Compensation.

Management of Compensation-Related Risk

We have designed our compensation programs to avoid excessive risk-taking, and the Committee annually reviews our compensation programs in the context of potential high-risk design provisions. The following are some of the features of our program designed to help us appropriately manage business risk:

- Diversification of performance measures;
- A balanced weighting of the various performance measures, to avoid excessive attention on achievement of one measure over another;
- Fixed maximum award levels for performance-based awards;
- An assortment of methods for delivering compensation, including cash and equity based incentives with different time horizons, to focus our executives on specific objectives that help us achieve our business plan and create an alignment with long-term shareholder interests;
- Guidelines designed to assure the independence of compensation advisers who advise the Committee, as described below;
- A compensation recoupment policy and equity grant procedures, as described below; and
- Stock ownership and retention guidelines applicable to all executive officers and directors, as described below.

Compensation Committee Advisers Independence Guidelines. The Committee has adopted guidelines with respect to the engagement of independent executive compensation advisers to advise it in fulfilling its responsibilities. These guidelines, which can be found on the Investor Relations/Corporate Governance section of the Company s website at *http://www.dukerealty.com*, are designed to safeguard the independence of the Committee s advisers from the Company and management. The Committee s consultant, Cook & Co., reports directly to the Committee Chair, and all work conducted by Cook & Co. for the Company is on behalf of the Committee. Cook & Co. provided no services to the Company other than executive and non-employee director compensation consulting services, and has no other direct or indirect business relationship with the Company or any of its affiliates. In addition, in its consulting agreement with the Committee, Cook & Co. agrees to advise the Chair of the Committee if any potential conflicts of interest arise that could cause Cook & Co. s independence to be questioned, and to undertake no projects for management except as approved in advance by the Committee Chair.

Compensation Recoupment Policy. The Company has adopted a compensation recoupment policy under which executive officers and the chief accounting officer could be required to return to the Company certain compensation (such as a bonus or other variable compensation) to the extent it was earned based on inaccurate financial statements or other inaccurately calculated performance metrics. In that case, the Committee may take such action, subject to approval by the Board and applicable law, as it determines appropriate, to recover the difference between the amount actually paid to the executive officer and the amount that would have been paid based on the correct financial results or other performance metric. Also, if the Committee determines that any employee s intentional or knowingly fraudulent or illegal conduct caused damage to the Company, the Committee may take such action as it determines appropriate to cancel or reduce any outstanding equity compensation awards, incentive compensation awards, or other benefits to which the employee is actually or contingently entitled, in an amount up to the damage to the Company. The Company s Recoupment Policy is incorporated into the Code of Conduct that can be found on the Investor Relations/Corporate Governance section of the Company s website at *http://www.dukerealty.com*.

Stock Ownership and Retention Guidelines. The Company s senior executive officers are required to hold shares of common stock with a value equal to specified multiples of base salary, as shown below. This program assists in focusing executives on long-term success and shareholder value by requiring executives to hold Company stock over the long term.

Position	Base Salary Multiple	Time to Attain
Chief Executive Officer	6x	5 years
Executive Vice Presidents and the Chief Operating Officer	4x	5 years

The stock ownership goal for each person subject to the Company s Stock Ownership Guidelines is determined on an individual basis, first in dollars equal to a multiple of the executive s base salary, and then by converting that amount to a fixed number of shares. Until the senior executive officers reach their ownership guidelines, they are required to retain shares that are owned on the date they became subject to the Stock Ownership Guidelines and at least 75% of net shares delivered through the Company s executive compensation plans. For this purpose, net shares means the number of shares obtained by exercising stock options or through the vesting of awards, less the number of shares the executive sells or trades to cover the exercise costs or to pay withholding taxes. If the executive transfers an award to a family member, the transferee will be subject to the same retention requirements. A copy of the Stock Ownership Guidelines can be found on the Investor Relations/Corporate Governance section of the Company s website at *http://www.dukerealty.com*.

Equity Grant Policies. Our annual equity grants, including equity grants to named executive officers, are awarded effective as of February 10 of each year, with the grant value of an RSU and the target value of a PSP award, as applicable, equal to the fair market value of our stock as of the grant date. Having a pre-determined grant date minimizes any concern that grant dates could be selectively chosen based upon market price at any given time. The Committee periodically approves equity grants to newly hired employees or to employees receiving promotions. These interim grants generally occur on the February 10, May 10, August 10 or November 10 immediately following the date of hire or promotion, with the grant value of an RSU, equal to the fair market value of our stock as of the grant date. The Committee is authorized to award special equity grants on

Table of Contents

other dates from time to time when the Company experiences exceptional performance results. The Company does not plan to time, and has not timed, its release of material non-public information for the purpose of affecting the value of executive compensation. The Company no longer awards stock options, and has never had any programs, plans or practices of awarding stock options and setting the exercise price based on the stock s price on a date other than the actual grant date (or the closing price on the last preceding trading day when the grant date falls on a day when the stock markets are closed).

Employment and Severance Agreements

As a matter of business philosophy, the Company does not enter into employment agreements with its executive officers. However, the Company from time to time enters into letter agreements regarding executive severance with certain key officers. The Company enters into these agreements as a means of protecting the business interests of the Company by conditioning the right of a terminated officer to receive the severance benefits upon each officer s compliance with a number of post-termination restrictive covenants, including covenants not to solicit our customers or employees, not to go to work for our competitors, and not to disclose our confidential information and trade secrets. By tying the right to receive severance to compliance with the restrictive covenants, we are able to provide a strong financial incentive for the former officer to not compete with us, to not disclose our confidential information and to not solicit our employees and customers. We believe that having these covenants in place and the likelihood that they will be honored are tangible benefits to our shareholders.

The letter agreements provide the highest severance payment in the case of an employment termination in connection with a change in control of the Company. It is natural, in the face of a pending change in control, for executives to be concerned and distracted by uncertainty as to their ongoing role in the organization after the transaction. The Company recognizes the importance of reducing the risk that these personal concerns could influence our executive officers when considering strategic opportunities that may include a change in control of the Company. We believe that the enhanced severance payments in the case of a change in control appropriately balance the potential harm to the Company from distraction or loss of key executives in connection with a potential corporate transaction that could benefit our shareholders.

For additional disclosure about the terms of the severance agreements, please see Executive Compensation Other Potential Post-Employment Payments.

Tax and Accounting Considerations

Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code, imposes a limitation on the deductibility of certain compensation in excess of $1 million paid to the chief executive officer and the three other most highly compensated executive officers of a public company, other than the chief financial officer. However, compensation that qualifies for the performance-based compensation exemption from Section 162(m) of the Code is fully deductible, without regard to the limits of Section 162(m). To the extent that Section 162(m) applies to compensation paid by the Company, our 2005 Incentive Plan is designed to permit the performance shares and the annual cash incentive awards to qualify as performance-based compensation. There can be no assurance that these awards will be fully deductible under all circumstances, however, as a number of additional requirements must be met for such awards to qualify as performance-based compensation. In addition, while the Committee considers the deduction limitation in designing compensation plans and overseeing awards under those plans, it also considers many other factors and retains the discretion to pay non-deductible amounts. The Committee believes that such flexibility best serves the interests of the Company and its shareholders by allowing the Committee to recognize and motivate executive officers as circumstances warrant.

Table of Contents

EXECUTIVE COMPENSATION

The total direct compensation of each named executive officer consists of annual base salary and annual cash and long-term equity incentive awards as specifically addressed above in the CD&A. The Company s objective is to provide compensation opportunities that are competitive in total as well as in the mix of elements. The compensation program is designed to provide the proper balance of fixed versus variable and cash versus equity compensation.

With the exception of stock awards, the following table sets forth the compensation earned by or paid to each of the named executive officers of the Company during the fiscal years ended December 31, 2013, December 31, 2012 and December 31, 2011. In the case of stock awards, this table reflects the aggregate grant date fair value of stock awards granted by the Company during these years.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Stock Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)(2)	All Other Compensation ($)(3)	Total ($)
Dennis D. Oklak	2013	718,461	2,240,000	1,458,000	27,803	4,444,264
Chairman & Chief Executive Officer	2012	700,000	1,890,000	1,250,580	20,665	3,861,245
	2011	684,615	1,350,000	1,192,719	11,688	3,239,022
Mark A. Denien	2013	297,623	153,650	452,890	14,381	918,544
Executive Vice President & Chief Financial Officer(4)						
James B. Connor	2013	399,308	600,000	747,150	27,996	1,774,454
Senior Executive Vice President and Chief Operating	2012	373,077	455,000	583,360	20,295	1,431,732
Officer(5)	2011	346,923	372,000	481,184	11,643	1,211,750
James D. Bremner,	2013	384,232	487,500	598,960	12,668	1,483,360
President, Healthcare						
Steven R. Kennedy	2013	337,384	412,500	486,480	16,547	1,252,911
Executive Vice President, Construction	2012	329,615	406,250	473,630	11,668	1,221,163
	2011	324,231	393,750	424,860	9,888	1,152,729
Christie B. Kelly,	2013	169,519	618,750		7,739	796,008
Former Executive Vice President & Chief Financial	2012	375,000	600,000	562,760	6,868	1,544,628
Officer(4)	2011	375,000	600,000	540,656	10,216	1,525,872

(1) This column reflects the aggregate grant date fair value in the applicable year for (a) RSUs granted under the 2005 Incentive Plan and (b) performance shares granted under the PSP, as computed under FASB ASC Topic 718. Pursuant to SEC rules, the amounts shown in the Summary Compensation Table for awards subject to financial performance conditions are based on the probable outcome as of the date of grant and exclude the impact of estimated forfeitures. The following table sets forth the grant date fair values of the 2011, 2012 and 2013 PSP grants, in addition to values assuming achievement of the highest level of performance, for each named executive officer, with the exception of Mr. Denien, who was not eligible to receive this award in 2011, 2012 or 2013, and Mr. Bremner, who was not a named executive officer in 2011 or 2012. Accordingly, for Mr. Denien, there is no information below, and for Mr. Bremner, we have included information regarding the 2013 PSP grant only. The 2011 PSP award vested as of December 31, 2013, and its payout value is also indicated in the table below for each named executive officer, with the exception of Messrs. Bremner and Denien.

Table of Contents

	2011 PSP Awards			2012 PSP Awards		2013 PSP Awards	
	Grant Date Fair Value	**Value Assuming Highest Level of Performance**	**Vesting Value as of 12/31/13(a)**	**Grant Date Fair Value**	**Value Assuming Highest Level of Performance**	**Grant Date Fair Value**	**Value Assuming Highest Level of Performance**
Mr. Oklak	$ 450,000	$ 675,000	$ 675,790	$ 630,000	$ 1,260,000	$ 746,667	$ 1,493,334
Mr. Denien							
Mr. Connor	124,000	186,000	186,209	151,667	303,334	200,000	400,000
Mr. Bremner						162,500	325,000
Mr. Kennedy	131,250	196,875	197,098	135,417	270,834	137,500	275,000
Ms. Kelly(b)	200,000	300,000		200,000	400,000	206,250	412,500

(a) Represents the value of PSP awards granted on February 10, 2011 that vested at the end of the performance period on December 31, 2013. The vesting value is higher than the value assuming the highest level of performance due to the value of the dividend equivalent units earned on the PSP awards. See further details regarding the vesting and payout of PSP awards under the section entitled Performance Share Awards included in the discussion of Long Term Incentive Awards in the CD&A.

(b) Ms. Kelly forfeited her 2011, 2012 and 2013 PSP Awards upon her termination of employment with the Company.

(2) Represents the aggregate annual cash incentive bonus that is based upon the Company s attainment of certain corporate performance goals as compared to predetermined targets established at the beginning of each calendar year, as well as an individual performance component.

(3) All other compensation for 2013 includes the value of Company matching and profit sharing contributions to the Company s 401(k) plan and profit sharing plan, and the value of term life insurance premium payments made by the Company, each valued at $10,000 or less for all named executive officers. In addition, all other compensation includes the following perquisites: (1) an automobile allowance of $3,000 each for Messrs. Oklak, Denien, Connor, Bremner, and Kennedy, (2) payments for personal financial planning services in the amount of $13,000 each for Mr. Oklak and Mr. Connor, (3) payments for executive medical examinations for Messrs. Oklak, Denien, Connor and Kennedy, and (4) a cell phone allowance of $600 for each named executive officer.

(4) Effective May 17, 2013, Ms. Kelly resigned from her position and Mr. Denien was appointed Executive Vice President and Chief Financial Officer.

(5) Effective July 31, 2013, Mr. Connor was appointed Senior Executive Vice President and Chief Operating Officer of the Company.

Table of Contents

Grants of Plan-Based Awards in 2013

The following table summarizes grants made to the named executive officers in 2013 under the Company s plan-based awards:

			Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)				
Name	**Grant Date**	**Compensation Committee Approval Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold (#)**	**Target (#)**	**Maximum (#)**	**All Other Stock Awards: Number of Shares of Stock or Units (#)(3)**	**Grant Date Fair Value of Stock and Option Awards ($)**
Dennis D. Oklak			583,200	972,000	1,749,6000					
	2/10/13	1/30/13				23,232	46,463	92,926		746,667
	2/10/13	1/30/13							92,927	1,493,333
Mark A. Denien			183,600	306,000	550,800					
	2/10/13	1/30/13								
	2/10/13	1/30/13							5,828	93,650
	5/10/13	4/24/13							3,264	60,000
James B. Connor			292,188	531,250	1,009,375					
	2/10/13	1/30/13				6,223	12,446	24,892		200,000
	2/10/13	1/30/13							24,891	400,000
James D. Bremner			232,925	423,500	804,650					
	2/10/13	1/30/13				5,056	10,112	20,224		162,500
	2/10/13	1/30/13							20,224	325,000
Steven R. Kennedy			195,195	354,900	674,310					
	2/10/13	1/30/13				4,278	8,556	17,112		137,500
	2/10/13	1/30/13							17,113	275,000
Christie B. Kelly(4)										
	2/10/13	1/30/13				6,417	12,834	25,668		206,250
	2/10/13	1/30/13							25,668	412,500

(1) Represents the 2013 annual cash incentive bonus opportunities for each executive. See the description of the annual cash incentive award in the CD&A.

(2) Represents the number of shares that could be earned under performance share awards granted during 2013 under the PSP. See pertinent details regarding the payout of awards under the PSP in the section entitled Performance Share Awards included in the discussion of Long-Term Incentive Awards in the CD&A.

(3) Represents the number of RSUs granted during 2013 under the 2005 Incentive Plan. RSUs vest in five equal annual installments commencing on the first anniversary of the grant date. Dividend equivalents are paid on RSUs in the form of additional RSUs. The number of additional RSUs issued on each dividend payment date is equal to the amount of dividends that would be payable to the holders of the RSUs if the RSUs were shares of the Company s common stock, divided by the closing price of the Company s common stock on such date. See the description of the RSUs in the section entitled RSUs included in the discussion of Long-Term Incentive Awards in the CD&A.

(4) Ms. Kelly forfeited her performance shares and RSUs granted in 2013 in connection with her resignation as Executive Vice President and Chief Financial Officer on May 17, 2013.

44

Table of Contents

Outstanding Equity Awards at 2013 Fiscal Year End

The following table contains information concerning outstanding equity awards held by each of the named executive officers as of December 31, 2013:

		Option Awards				Stock Awards			
Named Executive Officer	**Grant Date**	**Number of Securities Underlying Unexercised Options (#) Exercisable(1)**	**Number of Securities Underlying Unexercised Options (#) Unexercisable(1)**	**Option Exercise Price ($/sh)**	**Option Expiration Date**	**Number of Shares or Units of Stock Granted That Have Not Vested (#)(2)**	**Market Value of Shares or Units of Stock Granted That Have Not Vested(2)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(3)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, units or Other Rights That Have Not Vested(3)**
Dennis D. Oklak	1/28/04	27,504		31.577	1/28/14				
	2/10/05	51,450		31.402	2/10/15				
	4/27/05	33,547		29.761	4/27/15				
	2/10/06	106,015		34.130	2/10/16				
	2/10/07	86,987		47.880	2/10/17				
	2/10/08	330,594		23.340	2/10/18				
	2/10/09					48,506	729,530		
	2/10/10					29,947	450,403		
	2/10/11					45,153	679,101		
	2/10/12					80,019	1,203,486	24,965	375,474
	2/10/13					97,048	1,459,602	24,222	364,299
Mark A. Denien	2/10/09					1,253	18,845		
	2/10/10					3,386	50,925		
	2/10/11					4,515	67,906		
	2/10/12					5,829	87,668		
	2/10/13					6,086	91,533		
	5/10/13					3,373	50,730		
James B. Connor	2/10/09					10,025	150,776		
	2/10/10					11,288	169,772		
	2/10/11					12,442	187,128		
	2/10/12					19,264	289,731	6,010	90,390
	2/10/13					25,995	390,965	6,488	97,580
James D. Bremner	2/10/10					13,656	205,386		
	2/10/11					15,051	226,367		
	2/10/12					19,052	286,542	5,944	89,398
	2/10/13					21,121	317,660	5,271	79,276
Steven R. Kennedy	1/28/04	7,276		31.577	1/28/14				
	2/10/05	24,883		31.402	2/10/15				
	2/10/06	25,109		34.130	2/10/16				
	2/10/07	25,092		47.880	2/10/17				
	2/10/08	74,384		23.340	2/10/18				
	2/10/09					10,610	159,574		
	2/10/10					11,949	179,713		
	2/10/11					13,170	198,077		