UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT of 1934

For the Quarterly Period Ended March 31, 2014

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT of 1934

For the Transition Period From To

Commission file number 001-34626

PIEDMONT OFFICE REALTY TRUST, INC.
(Exact name of registrant as specified in its charter)

Maryland	58-2328421
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

11695 Johns Creek Parkway
Ste. 350
Johns Creek, Georgia 30097
(Address of principal executive offices)
(Zip Code)
(770) 418-8800
(Registrant’s telephone number, including area code)
N/A
(Former name, former address, and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer”, “accelerated filer”, and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large Accelerated filer x		Accelerated filer o
Non-Accelerated filer o	(Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No x

Number of shares outstanding of the Registrant's
common stock, as of April 29, 2014:
154,270,549 shares

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Form 10-Q and other written or oral statements made by or on behalf of Piedmont Office Realty Trust, Inc. ("Piedmont") may constitute forward-looking statements within the meaning of the federal securities laws. In addition, Piedmont, or its executive officers on Piedmont's behalf, may from time to time make forward-looking statements in reports and other documents Piedmont files with the Securities and Exchange Commission or in connection with oral statements made to the press, potential investors, or others. Statements regarding future events and developments and Piedmont's future performance, as well as management's expectations, beliefs, plans, estimates, or projections relating to the future, are forward-looking statements within the meaning of these laws. Forward-looking statements include statements preceded by, followed by, or that include the words "may," "will," "expect," "intend," "anticipate," "estimate," "believe," "continue," or other similar words. Examples of such statements report include descriptions of our real estate, financing, and operating objectives; discussions regarding future dividends and stock repurchases; and discussions regarding the potential impact of economic conditions on our portfolio.

These statements are based on beliefs and assumptions of Piedmont's management, which in turn are based on currently available information. Important assumptions relating to the forward-looking statements include, among others, assumptions regarding the demand for office space in the sectors in which Piedmont operates, competitive conditions, and general economic conditions. These assumptions could prove inaccurate. The forward-looking statements also involve risks and uncertainties, which could cause actual results to differ materially from those contained in any forward-looking statement. Many of these factors are beyond Piedmont's ability to control or predict. Such factors include, but are not limited to, the following:

- Market and economic conditions remain challenging in some markets we operate in and the demand for office space, rental rates and property values may continue to lag the general economic recovery causing our business, results of operations, cash flows, financial condition and access to capital to be adversely affected or otherwise impact performance, including the potential recognition of impairment charges;
- The success of our real estate strategies and investment objectives, including our ability to identify and consummate suitable acquisitions;
- Acquisitions of properties may have unknown risks and other liabilities at the time of acquisition;
- Lease terminations or lease defaults, particularly by one of our large lead tenants;
- The impact of competition on our efforts to renew existing leases or re-let space on terms similar to existing leases;
- Changes in the economies and other conditions of the office market in general and of the specific markets in which we operate;
- Economic and regulatory changes, including accounting standards, that impact the real estate market generally;
- Additional risks and costs associated with directly managing properties occupied by government tenants;
- Adverse market and economic conditions may continue to negatively affect us and could cause us to recognize impairment charges or otherwise impact our performance;
- Availability of financing and our lending banks' ability to honor existing line of credit commitments;
- Costs of complying with governmental laws and regulations;
- Uncertainties associated with environmental and other regulatory matters;
- Potential changes in political environment and reduction in federal and/or state funding of our governmental tenants;
- We may be subject to litigation, which could have a material adverse effect on our financial condition;
- Changes in tax laws impacting REITs and real estate in general, as well as Piedmont's ability to continue to qualify as a REIT under the Internal Revenue Code (the "Code"); and
- Other factors, including the risk factors discussed under Item 1A. of Piedmont's Annual Report on Form 10-K for the year ended December 31, 2013.

Management believes these forward-looking statements are reasonable; however, undue reliance should not be placed on any forward-looking statements, which are based on current expectations. Further, forward-looking statements speak only as of the date they are made, and management undertakes no obligation to update publicly any of them in light of new information or future events.

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PART I. FINANCIAL STATEMENTS

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

The information presented in the accompanying consolidated balance sheets and related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows reflects all adjustments that are, in management's opinion, necessary for a fair and consistent presentation of financial position, results of operations, and cash flows in accordance with U.S. generally accepted accounting principles.

The accompanying financial statements should be read in conjunction with the notes to Piedmont's financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included in this report on Form 10-Q and with Piedmont's Annual Report on Form 10-K for the year ended December 31, 2013. Piedmont's results of operations for the three months ended March 31, 2014 are not necessarily indicative of the operating results expected for the full year.

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PIEDMONT OFFICE REALTY TRUST, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except for share and per share amounts)

	(Unaudited) March 31, 2014	December 31, 2013
Assets:		
Real estate assets, at cost:		
Land	$682,429	$686,359
Buildings and improvements, less accumulated depreciation of $997,350 and $972,531 as of March 31, 2014 and December 31, 2013, respectively	3,129,993	3,154,001
Intangible lease assets, less accumulated amortization of $69,997 and $71,588 as of March 31, 2014 and December 31, 2013, respectively	69,144	73,359
Construction in progress	28,847	24,269
Real estate assets held for sale, net	13,939	13,995
Total real estate assets	3,924,352	3,951,983
Investments in and amounts due from unconsolidated joint ventures	13,855	14,388
Cash and cash equivalents	9,271	6,973
Tenant receivables, net of allowance for doubtful accounts of $273 and $346 as of March 31, 2014 and December 31, 2013, respectively	22,196	31,145
Straight-line rent receivables	147,360	138,293
Restricted cash and escrows	751	394
Prepaid expenses and other assets	28,154	24,771
Goodwill	180,097	180,097
Interest rate swaps	464	24,176
Deferred financing costs, less accumulated amortization of $4,506 and $13,041 as of March 31, 2014 and December 31, 2013, respectively	8,545	8,759
Deferred lease costs, less accumulated amortization of $123,582 and $125,882 as of March 31, 2014 and December 31, 2013, respectively	273,709	281,790
Other assets held for sale, net	3,191	3,319
Total assets	$4,611,945	$4,666,088
Liabilities:		
Unsecured debt, net of discount of $4,703 and $1,320 as of March 31, 2014 and December 31, 2013, respectively	$1,617,297	$1,014,680
Secured debt	412,525	987,525
Accounts payable, accrued expenses, and accrued capital expenditures	130,530	128,818
Deferred income	23,042	22,267
Intangible lease liabilities, less accumulated amortization of $44,462 and $44,256 as of March 31, 2014 and December 31, 2013, respectively	45,227	47,113
Interest rate swaps	4,366	4,526
Total liabilities	2,232,987	2,204,929
Commitments and Contingencies	—	—
Stockholders’ Equity:		
Shares-in-trust, 150,000,000 shares authorized; none outstanding as of March 31, 2014 or December 31, 2013	—	—
Preferred stock, no par value, 100,000,000 shares authorized; none outstanding as of March 31, 2014 or December 31, 2013	—	—
Common stock, $.01 par value, 750,000,000 shares authorized; 154,277,930 and 157,460,903 shares issued and outstanding as of March 31, 2014 and December 31,	1,543	1,575

2013, respectively		
Additional paid-in capital	3,669,561	3,668,906
Cumulative distributions in excess of earnings	(1,305,321)	(1,231,209)
Other comprehensive income	11,562	20,278
Piedmont stockholders’ equity	2,377,345	2,459,550
Noncontrolling interest	1,613	1,609
Total stockholders’ equity	2,378,958	2,461,159
Total liabilities and stockholders’ equity	$4,611,945	$4,666,088

See accompanying notes

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PIEDMONT OFFICE REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except for share and per share amounts)

	(Unaudited) Three Months Ended March 31,	
	2014	2013
Revenues:		
Rental income	$110,904	$106,055
Tenant reimbursements	24,929	25,465
Property management fee revenue	487	631
	136,320	132,151
Expenses:		
Property operating costs	58,271	52,155
Depreciation	33,644	28,825
Amortization	14,573	9,009
General and administrative	4,555	4,548
	111,043	94,537
Real estate operating income	25,277	37,614
Other income (expense):		
Interest expense	(18,926)	(16,373)
Other income/(expense)	(90)	(1,277)
Net recoveries/(loss) from casualty events and litigation settlements	3,042	(161)
Equity in income/(loss) of unconsolidated joint ventures	(266)	395
	(16,240)	(17,416)
Income from continuing operations	9,037	20,198
Discontinued operations:		
Operating income	466	859
Impairment loss	—	(6,402)
Loss on sale of real estate assets	(106)	—
Income/(loss) from discontinued operations	360	(5,543)
Net income	9,397	14,655
Less: Net income attributable to noncontrolling interest	(4)	(4)
Net income attributable to Piedmont	$9,393	$14,651
Per share information – basic and diluted:		
Income from continuing operations	$0.06	$0.12
Income/(loss) from discontinued operations	—	(0.03)
Net income available to common stockholders	$0.06	$0.09
Weighted-average common shares outstanding – basic	154,849,378	167,555,407
Weighted-average common shares outstanding – diluted	155,024,545	167,810,319

See accompanying notes.

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PIEDMONT OFFICE REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	(Unaudited) Three Months Ended March 31,	
	2014	2013
Net income attributable to Piedmont	$9,393	$14,651
Other comprehensive income/(loss):		
Effective portion of gain/(loss) on derivative instruments that are designated and qualify as cash flow hedges (See Note 4)	(9,886)	(340)
Plus: Reclassification of previously recorded loss included in net income (See Note 4)	1,170	769
Other comprehensive income/(loss)	(8,716)	429
Comprehensive income attributable to Piedmont	$677	$15,080

See accompanying notes

PIEDMONT OFFICE REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013
AND FOR THE THREE MONTHS ENDED MARCH 31, 2014 (UNAUDITED)
(in thousands, except per share amounts)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Cumulative Distributions in Excess of Earnings	Other Comprehensive Income/(Loss)	Non-controlling Interest	Total Stockholders' Equity
Balance, December 31, 2012	167,556	$1,676	$3,667,051	$(1,022,681)	$ (7,160)	$ 1,609	$2,640,495
Share repurchases as part of an announced plan	(10,246)	(102)	—	(175,167)	—	—	(175,269)
Offering costs associated with the issuance of common stock	—	—	(91)	—	—	—	(91)
Dividends to common stockholders ($0.80 per share), distributions to noncontrolling interest, and dividends reinvested	—	—	(197)	(132,089)	—	(15)	(132,301)
Shares issued and amortized under the 2007 Omnibus Incentive Plan, net of tax	151	1	2,143	—	—	—	2,144
Net income attributable to noncontrolling interest	—	—	—	—	—	15	15
Net income attributable to Piedmont	—	—	—	98,728	—	—	98,728
Other comprehensive income	—	—	—	—	27,438	—	27,438
Balance, December 31, 2013	157,461	1,575	3,668,906	(1,231,209)	20,278	1,609	2,461,159
Share repurchases as part of an announced plan	(3,183)	(32)	—	(52,647)	—	—	(52,679)
Dividends to common stockholders ($0.20 per share), distributions to noncontrolling interest, and dividends reinvested	—	—	(47)	(30,858)	—	—	(30,905)
Shares issued and amortized under the 2007 Omnibus Incentive Plan, net of tax	—	—	702	—	—	—	702
Net income attributable to noncontrolling interest	—	—	—	—	—	4	4
Net income attributable to Piedmont	—	—	—	9,393	—	—	9,393
Other comprehensive loss	—	—	—	—	(8,716)	—	(8,716)
Balance, March 31, 2014	154,278	$1,543	$3,669,561	$(1,305,321)	$ 11,562	$ 1,613	$2,378,958

See accompanying notes

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PIEDMONT OFFICE REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	(Unaudited) Three Months Ended March 31, 2014	(Unaudited) Three Months Ended March 31, 2013
Cash Flows from Operating Activities:		
Net income	$9,397	$14,655
Operating distributions received from unconsolidated joint ventures	266	463
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	33,727	29,684
Amortization of deferred financing costs	774	594
Settlement of forward starting interest rate swaps	14,960	—
Other amortization	14,346	8,964
Impairment loss on real estate assets	—	6,402
Stock compensation expense	636	594
Equity in loss/(income) of unconsolidated joint ventures	266	(395)
Loss on sale of real estate assets, net	106	—
Changes in assets and liabilities:		
Increase in tenant and straight-line rent receivables, net	(1,371)	(9,685)
Decrease in restricted cash and escrows	43	9
Increase in prepaid expenses and other assets	(3,467)	(171)
Decrease in accounts payable and accrued expenses	(350)	(11,122)
Increase in deferred income	720	2,033
Net cash provided by operating activities	70,053	42,025
Cash Flows from Investing Activities:		
Acquisition of real estate assets and related intangibles	(400)	(247,499)
Capitalized expenditures, net of accruals	(27,187)	(34,114)
Net sales proceeds from wholly-owned properties	22,322	3,403
Investments in unconsolidated joint ventures	—	(672)
Deferred lease costs paid	(4,180)	(7,897)
Net cash used in investing activities	(9,445)	(286,779)
Cash Flows from Financing Activities:		
Deferred financing costs paid	(454)	(47)
Proceeds from debt	764,564	294,000
Repayments of debt	(737,000)	(11,000)
Repurchases of common stock as part of announced plan	(54,515)	(11)
Dividends paid and discount on dividend reinvestments	(30,905)	(33,570)
Net cash (used in)/provided by financing activities	(58,310)	249,372
Net increase in cash and cash equivalents	2,298	4,618
Cash and cash equivalents, beginning of period	6,973	12,957
Cash and cash equivalents, end of period	$9,271	$17,575
Supplemental Disclosures of Significant Noncash Investing and Financing Activities:		
Change in accrued share repurchases as part of an announced plan	$(1,836)	$—
Accrued capital expenditures and deferred lease costs	$13,721	$30,994
Accrued deferred financing costs	$176	$—

See accompanying notes

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PIEDMONT OFFICE REALTY TRUST, INC.
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014
(unaudited)

1.Organization
Piedmont Office Realty Trust, Inc. (“Piedmont”) (NYSE: PDM) is a Maryland corporation that operates in a manner so as to qualify as a real estate investment trust (“REIT”) for federal income tax purposes and engages in the acquisition and ownership of commercial real estate properties throughout the United States, including properties that are under construction, are newly constructed, or have operating histories. Piedmont was incorporated in 1997 and commenced operations in 1998. Piedmont conducts business primarily through Piedmont Operating Partnership, L.P. (“Piedmont OP”), a Delaware limited partnership, as well as performing the management of its buildings through two wholly-owned subsidiaries, Piedmont Government Services, LLC and Piedmont Office Management, LLC. Piedmont owns 99.9% of, and is the sole general partner of, Piedmont OP and as such, possesses full legal control and authority over the operations of Piedmont OP. The remaining 0.1% ownership interest of Piedmont OP is held indirectly by Piedmont through its wholly-owned subsidiary, Piedmont Office Holdings, Inc. ("POH"), the sole limited partner of Piedmont OP. Piedmont OP owns properties directly, through wholly-owned subsidiaries, and through both consolidated and unconsolidated joint ventures. References to Piedmont herein shall include Piedmont and all of its subsidiaries, including Piedmont OP and its subsidiaries and joint ventures.

As of March 31, 2014, Piedmont owned 75 office properties, one redevelopment asset, and two office buildings through an unconsolidated joint venture. Piedmont's 75 consolidated office properties comprise 21.1 million square feet of primarily Class A commercial office space, and were 86.7% leased as of March 31, 2014. As of March 31, 2014, approximately 90% of Piedmont's annualized lease revenue was generated from its primary markets: Atlanta, Boston, Chicago, Los Angeles, Minneapolis, the New York Metropolitan Statistical Area, Texas (Dallas, Houston and Austin), and Washington, D.C.

Piedmont internally evaluates all of the real estate assets as one operating segment, and accordingly, does not report segment information.

2.Summary of Significant Accounting Policies
Basis of Presentation and Principles of Consolidation

The consolidated financial statements of Piedmont have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the “SEC”), including the instructions to Form 10-Q and Article 10 of Regulation S-X, and do not include all of the information and footnotes required by U.S. generally accepted accounting principles (“GAAP”) for complete financial statements. In the opinion of management, the statements for the unaudited interim periods presented include all adjustments, which are of a normal and recurring nature, necessary for a fair presentation of the results for such periods. Results for these interim periods are not necessarily indicative of a full year’s results and certain prior period amounts have been reclassified to conform to the current period financial statement presentation. The reclassifications relate to the required presentation of income from discontinued operations for properties sold during the three months ended March 31, 2014 and during the year ended December 31, 2013 (see Note 8), as well as reclassifying deferred common area maintenance costs from deferred lease costs to prepaid and other assets. None of these reclassifications affect net equity or net income attributable to Piedmont as presented in previous periods.

Piedmont’s consolidated financial statements include the accounts of Piedmont, Piedmont’s wholly-owned subsidiaries, any variable interest entity of which Piedmont or any of its wholly-owned subsidiaries is considered the primary beneficiary, or any entity in which Piedmont or any of its wholly-owned subsidiaries owns a controlling interest. For further information, refer to the financial statements and footnotes included in Piedmont's Annual Report on Form 10-K for the year ended December 31, 2013.

All inter-company balances and transactions have been eliminated upon consolidation.

Further, Piedmont has formed special purpose entities to acquire and hold real estate. Each special purpose entity is a separate legal entity and consequently the assets of the special purpose entities are not available to all creditors of Piedmont. The assets owned by these special purpose entities are being reported on a consolidated basis with Piedmont's assets for financial reporting purposes only.

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Use of Estimates

The preparation of the accompanying consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the accompanying consolidated financial statements and notes. Actual results could differ from those estimates.

Deferred Financing Costs

Costs incurred in connection with obtaining financing which are paid to service providers other than the lenders, or customary fees paid to lenders which are not calculated based on the total commitment of the facility, are capitalized as deferred financing costs in the accompanying consolidated balance sheets. These costs are amortized to interest expense on a straight-line basis (which approximates the effective interest rate method) over the terms of the related financing arrangements.

Income Taxes

Piedmont has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), and has operated as such, beginning with its taxable year ended December 31, 1998. To qualify as a REIT, Piedmont must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of its annual REIT taxable income. As a REIT, Piedmont is generally not subject to federal income taxes. Piedmont is subject to certain taxes related to the operations of properties in certain locations, as well as operations conducted by its taxable REIT subsidiary, POH, which have been provided for in the financial statements.

Recent Accounting Pronouncements

The Financial Accounting Standards Board has issued Accounting Standards Update No. 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity ("ASU 2014-08"). The amendments in ASU 2014-08 change the criteria for the transactions that qualify to be reported as discontinued operations, and enhance disclosures for transactions which meet the new criteria in this area. Under this new guidance, disposals representing a strategic shift that has (or will have) a major effect on operations should be presented as discontinued operations. The amendments in ASU 2014-08 are effective in the first quarter of 2015 for Piedmont, and early adoption is permitted. Piedmont is currently evaluating the amendments of ASU 2014-08; however, these amendments are expected to impact Piedmont's determination of which future property disposals qualify as discontinued operations, as well as requiring additional disclosures about discontinued operations.

3.Debt

During the three months ended March 31, 2014, Piedmont drew down the entire principal of the $300 Million Unsecured 2013 Term Loan, a delayed-draw loan facility established in December 2013. The proceeds of the $300 Million Unsecured 2013 Term Loan were used to repay the $200 Million Mortgage Note and the $25 Million Mortgage Note, as well as a portion of the amounts outstanding under the $500 Million Unsecured Line of Credit.

Additionally during the three months ended March 31, 2014, Piedmont, through its wholly owned operating partnership, Piedmont OP, issued $400 million in aggregate principal amount of 4.450% senior notes which mature on March 15, 2024 (the "2014 Senior Notes"). The 2014 Senior Notes were offered as notes registered under the Securities Act of 1933, as amended. Upon issuance of the 2014 Senior Notes, Piedmont OP received proceeds of approximately $399.2 million, reflecting a discount of approximately $0.8 million which will be amortized as interest expense under the effective interest method over the ten-year term of the 2014 Senior Notes. In addition, in conjunction with the issuance, Piedmont settled five forward starting rate swaps, consisting of notional amounts of $350 million. These swaps were settled in Piedmont's favor, resulting in a gain of approximately $15.0 million that was recorded as accumulated other comprehensive income and is being amortized as an offset to interest expense over the ten-year term of the 2014 Senior Notes. See Note 4 for further detail. The proceeds from the 2014 Senior Notes were used to repay the $350 Million Secured Pooled Facility, as well as a portion of the amounts outstanding under the $500 Million Unsecured Line of Credit.

Interest on the 2014 Senior Notes is payable semi-annually in arrears on March 1st and September 1st of each year, beginning on September 1, 2014. The 2014 Senior Notes are fully and unconditionally guaranteed on a senior unsecured basis by Piedmont. Piedmont OP may, at its option, redeem the 2014 Senior Notes, in whole or in part, prior to December 15, 2023, at a redemption price equal to the greater of (i) 100% of the principal amount of the 2014 Senior Notes to be redeemed and (ii) a “make-whole” amount, plus any unpaid accrued interest. In addition, at any time on or after December 15, 2023, Piedmont OP may, at its option,

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redeem the 2014 Senior Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the 2014 Senior Notes to be redeemed plus unpaid accrued interest. The 2014 Senior Notes are subject to certain covenants that, subject to certain exceptions: (a) limit the ability of Piedmont and Piedmont OP to, among other things, incur additional secured and unsecured indebtedness; (b) limit the ability of Piedmont and Piedmont OP to merge, consolidate, sell, lease or otherwise dispose of their properties and assets substantially as an entirety; and, (c) require Piedmont to maintain a pool of unencumbered assets. The 2014 Senior Notes are also subject to customary events of default which, if any of them occurs, would permit or require the principal of and accrued interest on the 2014 Senior Notes to become or to be declared due and payable.

During the three months ended March 31, 2014, Piedmont incurred additional working capital borrowings of $68.0 million and, utilizing a portion of the proceeds of the $300 Million Unsecured 2013 Term Loan and the 2014 Senior Notes issuance described above, as well as other cash on hand, made repayments totaling $162.0 million on its $500 Million Unsecured Line of Credit. Piedmont also made interest payments on all debt facilities, including interest rate swap cash settlements, of approximately $16.1 million and $15.7 million for the three months ended March 31, 2014 and 2013, respectively. For the three months ended March 31, 2014 and 2013, Piedmont capitalized interest of $0.4 million and $0, respectively.

As of March 31, 2014, Piedmont believes it is in compliance with its financial covenants on outstanding debt. Additionally, see Note 6 for a description of Piedmont’s estimated fair value of debt as of March 31, 2014.

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The following table summarizes the terms of Piedmont's indebtedness outstanding as of March 31, 2014 and December 31, 2013 (in thousands):

Facility	Collateral	Rate[1]		Maturity		Amount Outstanding as of March 31, 2014	December 31, 2013
Secured (Fixed)							
$200 Million Mortgage Note	Aon Center	4.87	%	5/1/2014		$—	$200,000
$25 Million Mortgage Note	Aon Center	5.70	%	5/1/2014		—	25,000
$350 Million Secured Pooled Facility	Nine Property Collateralized Pool [2]	4.84	%	6/7/2014		—	350,000
$105 Million Fixed-Rate Loan	US Bancorp Center	5.29	%	5/11/2015		105,000	105,000
$125 Million Fixed-Rate Loan	Four Property Collateralized Pool [3]	5.50	%	4/1/2016		125,000	125,000
$42.5 Million Fixed-Rate Loan	Las Colinas Corporate Center I & II	5.70	%	10/11/2016		42,525	42,525
$140 Million WDC Fixed-Rate Loans	1201 & 1225 Eye Street	5.76	%	11/1/2017		140,000	140,000
Subtotal/Weighted Average [4]		5.56	%			412,525	987,525
Unsecured (Variable and Fixed)							
$300 Million Unsecured 2011 Term Loan		LIBOR + 1.45%	[5]	11/22/2016		300,000	300,000
$500 Million Unsecured Line of Credit		1.34	% [6]	8/19/2016	[7]	272,000	366,000
$350 Million Unsecured Senior Notes		3.40	% [8]	6/1/2023		348,710	348,680
$300 Million Unsecured 2013 Term Loan		LIBOR + 1.20%	[9]	1/31/2019		300,000	—
$400 Million Unsecured Senior Notes		4.45	% [10]	3/15/2024		396,587	—
Subtotal/Weighted Average [4]		2.98	%			1,617,297	1,014,680
Total/ Weighted Average [4]		3.50	%			$2,029,822	$2,002,205

(1) All of Piedmont's outstanding debt as of March 31, 2014 and December 31, 2013 was interest-only debt.

(2) Nine property collateralized pool, which was repaid in full on March 7, 2014, included: 1200 Crown Colony Drive, Braker Pointe III, 2 Gatehall Drive, One and Two Independence Square, 2120 West End Avenue, 400 Bridgewater Crossing, 200 Bridgewater Crossing, and Fairway Center II.

(3) Four property collateralized pool includes 1430 Enclave Parkway, Windy Point I and II, and 1055 East Colorado Boulevard.

(4) Weighted average is based on contractual balance of outstanding debt and interest rates in the table as of March 31, 2014.

(5) The $300 Million Unsecured 2011 Term Loan has a stated variable rate; however, Piedmont entered into interest rate swap agreements which effectively fix, absent any changes to Piedmont's credit rating, the rate on this facility to 2.69%.

(6) Piedmont may select from multiple interest rate options with each draw, including the prime rate and various-length LIBOR locks. All LIBOR selections are subject to an additional spread (1.175% as of March 31, 2014) over the selected rate based on Piedmont's current credit rating. The outstanding balance as of March 31, 2014 consisted of 30-day LIBOR draws at a rate of 0.16% (subject to the additional spread mentioned above).

(7) Piedmont may extend the term for up to one additional year (through two available six month extensions to a final extended maturity date of August 21, 2017) provided Piedmont is not then in default and upon payment of extension fees.

(8) The $350 Million Senior Notes have a fixed coupon rate of 3.40%, however, as a result of the issuance of the notes at a discount, Piedmont recognizes an effective interest rate on this debt issuance of 3.45%. After consideration of the impact of settled interest rate swap agreements, in addition to the issuance discount, the effective interest rate on this debt is 3.43%.

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(9) The $300 Million Unsecured 2013 Term Loan has a stated variable rate; however, Piedmont entered into interest rate swap agreements which effectively fix, absent any changes to Piedmont's credit rating, the rate for $200 million of the loan amount to 2.79% .

(10) The $400 Million Senior Notes have a fixed coupon rate of 4.45%, however, as a result of the issuance of the notes at a discount, Piedmont recognizes an effective interest rate on this debt issuance of 4.48%. After consideration of the impact of settled interest rate swap agreements, in addition to the issuance discount, the effective interest rate on this debt is 4.10%.

4.Derivative Instruments

Risk Management Objective of Using Derivatives

In addition to operational risks which arise in the normal course of business, Piedmont is exposed to economic risks such as interest rate, liquidity, and credit risk. In certain situations, Piedmont has entered into derivative financial instruments such as interest rate swap agreements and other similar agreements to manage interest rate risk exposure arising from current or future variable rate debt transactions. Interest rate swap agreements involve the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. Piedmont's objective in using interest rate derivatives is to add stability to interest expense and to manage its exposure to interest rate movements.

Cash Flow Hedges of Interest Rate Risk

Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for Piedmont making fixed-rate payments over the life of the agreements without changing the underlying notional amount. During the three months ended March 31, 2014, Piedmont continued to use four interest rate swap agreements with a total notional value of $300 million to hedge the variable cash flows associated with its $300 Million Unsecured 2011 Term Loan. In addition, during the three months ended March 31, 2014, Piedmont entered into four new interest rate swap agreements with a total notional value of $200 million to partially hedge the variable cash flows associated with its $300 Million Unsecured 2013 Term Loan.

In conjunction with the issuance of the 2014 Senior Notes (see Note 3) during the three months ended March 31, 2014, Piedmont settled five previously outstanding forward starting swap agreements for a gain of approximately $15.0 million. The gain was recorded as accumulated other comprehensive income and is being amortized as an offset to interest expense over the ten-year term of the 2014 Senior Notes. Piedmont classifies cash flows from the settlement of hedging derivative instruments in the same category as the underlying exposure which is being hedged. As the cash settlement of approximately $15.0 million was the result of hedging Piedmont's exposure to interest rate changes and their effect on interest expense, such cash settlement is classified as an operating cash flow in the accompanying consolidated statements of cash flows.

The detail of Piedmont's interest rate derivatives outstanding as of March 31, 2014 is as follows:

Interest Rate Derivative	Notional Amount (in millions)	Effective Date	Maturity Date
Interest rate swap	$ 125	11/22/2011	11/22/2016
Interest rate swap	75	11/22/2011	11/22/2016
Interest rate swap	50	11/22/2011	11/22/2016
Interest rate swap	50	11/22/2011	11/22/2016
Interest rate swap	50	1/30/2014	1/31/2019
Interest rate swap	50	1/30/2014	1/31/2019
Interest rate swap	50	1/30/2014	1/31/2019

Interest rate swap	50	1/30/2014	1/31/2019
Total	$ 500		

Piedmont has elected to present its interest rate derivatives on its consolidated balance sheets on a gross basis as interest rate swap asset and interest rate swap liabilities. The detail of Piedmont's interest rate derivatives on a gross and net basis as of March 31, 2014 and December 31, 2013, respectively, is as follows (in thousands):

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Interest rate swaps classified as:	March 31, 2014	December 31, 2013
Gross derivative assets	$464	$24,176
Gross derivative liabilities	(4,366)	(4,526)
Net derivative asset/(liability)	$(3,902)	$19,650

All of Piedmont's interest rate derivative agreements outstanding for the periods presented were designated as cash flow hedges of interest rate risk. As such, the effective portion of changes in the fair value of these derivatives designated as, and that qualify as, cash flow hedges is recorded in other comprehensive income ("OCI") and reclassified into earnings as interest expense in the period that the hedged forecasted transaction affects earnings. The effective portion of Piedmont's interest rate derivatives that was recorded in the accompanying consolidated statements of income for the three months ended March 31, 2014 and 2013, respectively, was as follows:

Derivative in Cash Flow Hedging Relationships (Interest Rate Swaps) (in thousands)	Three Months Ended	
	March 31, 2014	March 31, 2013
Amount of loss recognized in OCI on derivative	$9,886	$340
Amount of previously recorded loss reclassified from accumulated OCI into interest expense	$1,170	$769

Piedmont estimates that approximately $4.5 million will be reclassified from accumulated other comprehensive loss to interest expense over the next twelve months. No gain or loss was recognized related to hedge ineffectiveness or to amounts excluded from effectiveness testing on Piedmont’s cash flow hedges during the three months ended March 31, 2014 or 2013.

See Note 6 for fair value disclosures of Piedmont's derivative instruments.

Credit-risk-related Contingent Features

Piedmont has agreements with its derivative counterparties that contain a provision whereby if Piedmont defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then Piedmont could also be declared in default on its derivative obligations. If Piedmont were to breach any of the contractual provisions of the derivative contracts, it would be required to settle its obligations under the agreements at their termination value of the fair values plus accrued interest, or approximately $4.5 million as of March 31, 2014. Additionally, Piedmont has rights of set-off under certain of its derivative agreements related to potential termination fees and amounts payable under the agreements, if a termination were to occur.

5.Variable Interest Entities

Variable interest holders who have the power to direct the activities of the VIE that most significantly impact the entity’s economic performance and have the obligation to absorb the majority of losses of the entity or the right to receive significant benefits of the entity must consolidate the VIE.

A summary of Piedmont’s interests in and consolidation treatment of its VIEs as of March 31, 2014 and December 31, 2013 is as follows (net carrying amount in millions):

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Entity	Piedmont's % Ownership of Entity	Related Building	Consolidated/ Unconsolidated	Net Carrying Amount as of March 31, 2014	Net Carrying Amount as of December 31, 2013	Primary Beneficiary Considerations
1201 Eye Street NW Associates, LLC	49.5%	1201 Eye Street	Consolidated	$(5.9)	$(5.3)	In accordance with the partnership's governing documents, Piedmont is entitled to 100% of the cash flow of the entity and has sole discretion in directing the management and leasing activities of the building.
1225 Eye Street NW Associates, LLC	49.5%	1225 Eye Street	Consolidated	$(1.8)	$(0.9)	In accordance with the partnership's governing documents, Piedmont is entitled to 100% of the cash flow of the entity and has sole discretion in directing the management and leasing activities of the building.
Piedmont 500 W. Monroe Fee, LLC	100%	500 W. Monroe	Consolidated	$233.1	$228.3	The Omnibus Agreement with the previous owner includes equity participation rights for the previous owner, if certain financial returns are achieved; however, Piedmont has sole decision making authority and is entitled to the economic benefits of the property until such returns are met.
Suwanee Gateway One, LLC	100%	Suwanee Gateway One	Consolidated	$7.3	$7.4	The fee agreement includes equity participation rights for the incentive manager, if certain returns on investment are achieved; however, Piedmont has sole decision making authority and is entitled to the economic benefits of the property until such returns are met.
Medici Atlanta, LLC	100%	The Medici	Consolidated	$14.6	$14.4	The fee agreement includes equity

						participation rights for the incentive manager, if certain returns on investment are achieved; however, Piedmont has sole decision making authority and is entitled to the economic benefits of the property until such returns are met.
400 TownPark, LLC	100%	400 TownPark	Consolidated	$22.6	$22.3	The fee agreement includes equity participation rights for the incentive manager, if certain returns on investment are achieved; however, Piedmont has sole decision making authority and is entitled to the economic benefits of the property until such returns are met.

Each of the VIEs described above has the sole purpose of holding office buildings and their resulting operations, and are classified in the accompanying consolidated balance sheets in the same manner as Piedmont's wholly-owned properties.

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6.Fair Value Measurement of Financial Instruments

Piedmont considers its cash, tenant receivables, restricted cash and escrows, accounts payable and accrued expenses, interest rate swap agreements, and debt to meet the definition of financial instruments. The following table sets forth the carrying and estimated fair value for each of Piedmont's financial instruments, as well as its level within the GAAP fair value hierarchy, as of March 31, 2014 and December 31, 2013, respectively (in thousands):

	March 31, 2014			December 31, 2013		
Financial Instrument	Carrying Value	Estimated Fair Value	Level Within Fair Value Hierarchy	Carrying Value	Estimated Fair Value	Level Within Fair Value Hierarchy
Assets:						
Cash and cash equivalents[(1)]	$9,271	$ 9,271	Level 1	$6,973	$ 6,973	Level 1
Tenant receivables, net[(1)]	$22,196	$ 22,196	Level 1	$31,145	$ 31,145	Level 1
Restricted cash and escrows[(1)]	$751	$ 751	Level 1	$394	$ 394	Level 1
Interest rate swap asset	$464	$ 464	Level 2	$24,176	$ 24,176	Level 2
Liabilities:						
Accounts payable and accrued expenses[(1)]	$16,983	$ 16,983	Level 1	$16,680	$ 16,680	Level 1
Interest rate swap liability	$4,366	$ 4,366	Level 2	$4,526	$ 4,526	Level 2
Debt	$2,029,822	$ 2,036,959	Level 2	$2,002,205	$ 2,004,870	Level 2

(1) For the periods presented, the carrying value of these financial instruments approximates estimated fair value due to their short-term maturity.

Piedmont's debt was carried at book value as of March 31, 2014 and December 31, 2013; however, Piedmont's estimate of its fair value is disclosed in the table above. Piedmont uses widely accepted valuation techniques including discounted cash flow analysis based on the contractual terms of the debt facilities, including the period to maturity of each instrument, and uses observable market-based inputs for similar debt facilities which have transacted recently in the market. Therefore, the fair values determined are considered to be based on significant other observable inputs (Level 2). Scaling adjustments are made to these inputs to make them applicable to the remaining life of Piedmont's outstanding debt. Piedmont has not changed its valuation technique for estimating the fair value of its debt.

Piedmont's interest rate swap and forward starting interest rate swap agreements presented above, and further discussed in Note 4, are classified as "Interest rate swap" assets and liabilities in the accompanying consolidated balance sheets and were carried at fair value as of March 31, 2014 and December 31, 2013. The valuation of these derivative instruments was determined using widely accepted valuation techniques including discounted cash flow analysis based on the contractual terms of the derivatives, including the period to maturity of each instrument, and uses observable market-based inputs, including interest rate curves and implied volatilities. Therefore, the fair values determined are considered to be based on significant other observable inputs (Level 2). In addition, Piedmont considered both its own and the respective counterparties' risk of nonperformance in determining the fair value of its derivative financial instruments by estimating the current and potential future exposure under the derivative financial instruments that both Piedmont and the counterparties were at risk for as of the valuation date. The credit risk of Piedmont and its counterparties was factored into the calculation of the estimated fair value of the interest rate swaps; however, as of March 31, 2014 and December 31, 2013, this credit valuation adjustment did not comprise a material portion of the estimated fair value. Therefore, Piedmont believes that any unobservable inputs used to determine the fair values of its derivative financial instruments are not significant to the fair value measurements in their entirety, and does not consider any of its derivative financial instruments to be Level 3 assets or liabilities.

7.Commitments and Contingencies

Commitments Under Existing Agreements

Certain lease agreements include provisions that, at the option of the tenant, may obligate Piedmont to provide funding for capital improvements. Under its existing lease agreements, Piedmont may be required to fund significant tenant improvements, leasing commissions, and building improvements. In addition, certain agreements contain provisions that require Piedmont to issue corporate or property guarantees to provide funding for capital improvements or other financial obligations. Further, Piedmont classifies such tenant and building improvements into two classes: (i) improvements which incrementally enhance the building's

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asset value by expanding its revenue generating capacity ("incremental capital expenditures") and (ii) improvements which maintain the building's existing asset value and its revenue generating capacity ("non-incremental capital expenditures"). As of March 31, 2014, commitments for funding potential non-incremental capital expenditures for tenant improvements totaled approximately $72.0 million related to Piedmont's existing lease portfolio over the respective lease terms, the majority of which Piedmont estimates may be required to be funded over the next several years. For most of Piedmont's leases, the timing of the actual funding of these tenant improvements is largely dependent upon tenant requests for reimbursement. In some cases, these obligations may expire with the leases without further recourse to Piedmont.

Additionally, as of March 31, 2014, commitments for incremental capital expenditures for tenant improvements associated with new leases, primarily at value-add properties, totaled approximately $20.3 million.

Contingencies Related to Tenant Audits/Disputes

Certain lease agreements include provisions that grant tenants the right to engage independent auditors to audit their annual operating expense reconciliations. Such audits may result in the re-interpretation of language in the lease agreements which could result in the refund of previously recognized tenant reimbursement revenues, resulting in financial loss to Piedmont. Piedmont recorded additional expense related to such tenant audits/disputes of approximately $0.3 million and $0 during the three months ended March 31, 2014 and March 31, 2013, respectively.

Letters of Credit

As of March 31, 2014, Piedmont was subject to a letter of credit of approximately $0.4 million, which reduces the total outstanding capacity under its $500 Million Unsecured Line of Credit. This letter of credit agreement is scheduled to expire in July 2014; however, it contains an automatic renewal feature, consisting of successive one-year renewal periods, subject to the satisfaction of the credit obligation and certain other limitations.

8.Discontinued Operations

Piedmont has classified the results of operations related to the following properties as discontinued operations (in thousands):

Building(s) Sold	Location	Date of Sale	Gain/(Loss) on Sale	Net Sales Proceeds
1111 Durham Avenue	South Plainfield, New Jersey	March 28, 2013	$(9)	$3,752
1200 Enclave Parkway	Houston, Texas	May 1, 2013	$16,246	$45,552
350 Spectrum Loop	Colorado Springs, Colorado	November 1, 2013	$7,959	$29,676
8700 South Price Road	Tempe, Arizona	December 30, 2013	$7,096	$16,691
11107 and 11109 Sunset Hills Road	Reston, Virginia	March 19, 2014	$(106)	$22,322
1441 West Long Lake Road	Troy, Michigan	Held for Sale (1)	N/A	N/A
4685 Investment Drive	Troy, Michigan	Held for Sale (1)	N/A	N/A

(1) During the three months ended March 31, 2014, Piedmont entered into a binding agreement to sell the 1441 West Long Lake Road building located in Troy, Michigan, and the 4685 Investment Drive building located in Troy, Michigan to an unrelated third-party. As a result, Piedmont reclassified the buildings from real estate assets held-for-use to real estate assets held-for-sale on its consolidated balance sheet as of March 31, 2014 and reclassified the operational results of the properties as income from discontinued operations for prior periods to

conform with current period presentation. The sale subsequently closed on April 30, 2014.

Sale of 1111 Durham Avenue building

During the quarter ended March 31, 2013, Piedmont sold the 1111 Durham Avenue building in South Plainfield, New Jersey and recorded an impairment charge of $6.4 million based on the difference between carrying value and fair value of the asset at the time it was reclassified from real estate assets held-for-use (at cost) to real estate assets held for sale (at estimated fair value). The

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fair value measurement used in the evaluation of this non-financial asset was based upon the amount set forth in the purchaser's original letter of intent which approximated the land value of the asset due to the age of construction and lack of near term leasing prospects for the building.

Assets Held for Sale

The details comprising assets held for sale, consisting of the1441 West Long Lake Road building and the 4685 Investment Drive building, are presented below (in thousands):

	March 31, 2014	December 31, 2013
Real estate assets held for sale, net:		
Land	$2,402	$2,402
Building and improvements, less accumulated depreciation of $6,227 and $7,403 as of March 31, 2014 and December 31, 2013, respectively	10,650	10,575
Intangible lease assets, less accumulated amortization of $363 and $232 as of March 31, 2014 and December 31, 2013, respectively	887	1,018
Total real estate assets held for sale, net	$13,939	$13,995
Other assets held for sale, net:		
Straight-line rent receivables	$1,131	$1,113
Deferred lease costs, less accumulated amortization of $501 and $583 as of March 31, 2014 and December 31, 2013, respectively	2,060	2,206
Total other assets held for sale, net	$3,191	$3,319

Income from Discontinued Operations

The details comprising income from discontinued operations are presented below (in thousands):

	Three Months Ended	
	March 31, 2014	March 31, 2013
Revenues:		
Rental income	$1,174	$2,928
Tenant reimbursements	112	434
	1,286	3,362
Expenses:		
Property operating costs	505	1,486
Depreciation	83	859
Amortization	223	169
General and administrative	3	1
	814	2,515
Other income/(expense)	(6)	12
	(6)	12
Operating income, excluding gain/(loss) on sale	466	859
Impairment loss	—	(6,402)
Gain/(loss) on sale of real estate assets	(106)	—
Income/(loss) from discontinued operations	$360	$(5,543)

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9.Stock Based Compensation
Deferred Stock Awards

From time to time, Piedmont has granted deferred stock awards to its employees. The awards are determined by the Compensation Committee of the board of directors of Piedmont and typically vest ratably over a multi-year period. In addition, Piedmont has adopted a multi-year performance share program for certain of its employees whereby shares may be earned based on the relative performance of Piedmont's total stockholder return as compared with a predetermined peer group's total stockholder return over a multi-year period. Shares are not awarded until after the end of the third year in the performance period and vest immediately upon award.

A rollforward of Piedmont's deferred stock award activity for the three months ended March 31, 2014 is as follows:

	Shares	Weighted-Average Grant Date Fair Value
Unvested Deferred Stock Awards as of December 31, 2013	265,139	$ 18.65
Deferred Stock Awards Granted During Three Months Ended March 31, 2014	103,345	$ 16.45
Deferred Stock Awards Vested During Three Months Ended March 31, 2014	(214)	$ 18.66
Deferred Stock Awards Forfeited During Three Months Ended March 31, 2014	(1,071)	$ 18.93
Unvested Deferred Stock Awards as of March 31, 2014	367,199	$ 18.03

The following table provides additional information regarding stock award activity during the three months ended March 31, 2014 and 2013, respectively (in thousands except for per share data):

	Three Months Ended	
	March 31, 2014	March 31, 2013
Weighted-Average Grant Date Fair Value of Shares Granted During the Period	$16.45	$—
Total Grant Date Fair Value of Shares Vested During the Period	$4	$—

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A detail of Piedmont's outstanding employee deferred stock awards as of March 31, 2014 is as follows:

Date of grant	Type of Award	Net Shares Granted [1]	Grant Date Fair Value	Vesting Schedule	Unvested Shares as of March 31, 2014	
April 5, 2011	Deferred Stock Award	116,103	$19.40	Of the shares granted, 25% vested on the date of grant, and 25% vested or will vest on April 5, 2012, 2013, and 2014, respectively.	36,674	
April 4, 2012	Deferred Stock Award	190,099	$17.53	Of the shares granted, 25% vested on the date of grant, and 25% vested or will vest on April 4, 2013, 2014, and 2015, respectively.	109,812	
April 4, 2012	Fiscal Year 2012-2014 Performance Share Program	—	$17.42	Shares awarded, if any, will vest immediately upon determination of award in 2015.	—	(2)
April 2, 2013	Deferred Stock Award	146,640	$19.47	Of the shares granted, 25% vested on the date of grant, and 25% vested or will vest on April 2, 2014, 2015, and 2016, respectively.	117,368	
April 2, 2013	Fiscal Year 2013-2015 Performance Share Program	—	$18.91	Shares awarded, if any, will vest immediately upon determination of award in 2016.	—	(2)
January 3, 2014	Deferred Stock Award	103,345	$16.45	Of the shares granted, 20% will vest on January 3, 2015, 2016, 2017, 2018, and 2019, respectively.	103,345	
Total					367,199	

(1) Amounts reflect the total grant, net of shares surrendered upon vesting to satisfy required minimum tax withholding obligations through March 31, 2014.

(2) Estimated based on Piedmont's cumulative total stockholder return ("TSR") for the respective performance period through March 31, 2014. As of March 31, 2014, Piedmont's TSR for each of these respective plans was below threshold. Such estimates are subject to change in future periods based on both Piedmont's and its peers' stock performance and dividends paid.

During the three months ended March 31, 2014 and 2013, respectively, Piedmont recognized approximately $0.6 million and $0.6 million of compensation expense related to deferred stock awards, all of which related to the amortization of unvested shares. During the three months ended March 31, 2014, a total of 127 shares were issued to employees, directors, and officers. As of March 31, 2014, approximately $2.8 million of unrecognized compensation cost related to unvested deferred stock awards remained, which Piedmont will record in its consolidated statements of income over a weighted-average vesting period of approximately one year.

10.Earnings Per Share

There are no adjustments to “Net income attributable to Piedmont” or “Income from continuing operations” for the diluted earnings per share computations.

Net income per share-basic is calculated as net income available to common stockholders divided by the weighted average number of common shares outstanding during the period. Net income per share-diluted is calculated as net income available to common stockholders divided by the diluted weighted average number of common shares outstanding during the period, including unvested deferred stock awards. Diluted weighted average number of common shares reflects the potential dilution under the treasury stock method that would occur if the remaining unvested deferred stock awards vested and resulted in additional common shares outstanding.

The following table reconciles the denominator for the basic and diluted earnings per share computations shown on the consolidated statements of income for the three months ended March 31, 2014 and 2013, respectively (in thousands):

	Three Months Ended	
	March 31, 2014	March 31, 2013
Weighted-average common shares – basic	154,849	167,555
Plus incremental weighted-average shares from time-vested conversions:		
Deferred stock awards	176	255
Weighted-average common shares – diluted	155,025	167,810

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11.Guarantor and Non-Guarantor Financial Information

The following condensed consolidating financial information for Piedmont Operating Partnership, L.P. (the "Issuer"), Piedmont Office Realty Trust, Inc. (the "Guarantor"), and the other directly and indirectly owned subsidiaries of the Guarantor (the "Non-Guarantor Subsidiaries") is provided pursuant to the requirements of Rule 3-10 of Regulation S-X regarding financial statements of guarantors and issuers of guaranteed registered securities. The principal elimination entries relate to investments in subsidiaries and intercompany balances and transactions, including transactions with the Non-Guarantor Subsidiaries.

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Condensed Consolidated Balance Sheets
As of March 31, 2014

(in thousands)	Issuer	Guarantor	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets:					
Real estate assets, at cost:					
Land	$82,922	$—	$599,507	$—	$682,429
Buildings and improvements, less accumulated depreciation	457,170	—	2,673,123	(300)	3,129,993
Intangible lease assets, less accumulated amortization	2,220	—	66,924	—	69,144
Construction in progress	4,571	—	24,276	—	28,847
Real estate assets held for sale, net	5,248	—	8,691	—	13,939
Total real estate assets	552,131	—	3,372,521	(300)	3,924,352
Investments in and amounts due from unconsolidated joint ventures	13,855	—	—	—	13,855
Cash and cash equivalents	6,235	150	2,886	—	9,271
Tenant and straight-line rent receivables, net	35,137	—	134,419	—	169,556
Advances to affiliates	5,936,843	1,280,719	—	(7,217,562)	—
Investment in subsidiary	—	3,972,949	196	(3,973,145)	—
Notes receivable	160,000	2,000	23,890	(185,890)	—
Prepaid expenses, restricted cash, escrows, and other assets	7,661	187	22,068	(1,011)	28,905
Goodwill	180,097	—	—	—	180,097
Interest rate swaps	464	—	—	—	464
Deferred financing costs, net	7,949	—	596	—	8,545
Deferred lease costs, net	31,902	—	241,807	—	273,709
Other assets held for sale, net	1,416	—	1,775	—	3,191
Total assets	$6,933,690	$5,256,005	$3,800,158	$(11,377,908)	$4,611,945
Liabilities:					
Debt	$1,641,187	$—	$574,525	$(185,890)	$2,029,822
Accounts payable, accrued expenses, and accrued capital expenditures	18,292	619	112,630	(1,011)	130,530
Advances from affiliates	329,185	4,909,812	2,024,014	(7,263,011)	—
Deferred income	5,775	—	17,267	—	23,042
Intangible lease liabilities, net	—	—	45,227	—	45,227
Interest rate swaps	4,366	—	—	—	4,366
Total liabilities	1,998,805	4,910,431	2,773,663	(7,449,912)	2,232,987
Stockholders’ Equity:					
Common stock	—	1,543	—	—	1,543
Additional paid-in capital	3,972,949	3,669,561	196	(3,973,145)	3,669,561
Retained/(cumulative distributions in excess of) earnings	950,374	(3,325,530)	1,024,686	45,149	(1,305,321)
Other comprehensive loss	11,562	—	—	—	11,562
Piedmont stockholders’ equity	4,934,885	345,574	1,024,882	(3,927,996)	2,377,345
Noncontrolling interest	—	—	1,613	—	1,613
Total stockholders’ equity	4,934,885	345,574	1,026,495	(3,927,996)	2,378,958
Total liabilities and stockholders’ equity	$6,933,690	$5,256,005	$3,800,158	$(11,377,908)	$4,611,945

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Condensed Consolidated Balance Sheets
As of December 31, 2013

(in thousands)	Issuer	Guarantor	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets:					
Real estate assets, at cost:					
Land	$86,852	$—	$ 599,507	$ —	$ 686,359
Buildings and improvements, less accumulated depreciation	473,786	—	2,680,515	(300)	3,154,001
Intangible lease assets, less accumulated amortization	2,356	—	71,003	—	73,359
Construction in progress	4,627	—	19,642	—	24,269
Real estate assets held for sale, net	5,128	—	8,867	—	13,995
Total real estate assets	572,749	—	3,379,534	(300)	3,951,983
Investments in and amounts due from unconsolidated joint ventures	14,388	—	—	—	14,388
Cash and cash equivalents	3,352	150	3,471	—	6,973
Tenant receivables, net	35,266	—	134,172	—	169,438
Advances to affiliates	5,312,384	1,288,547	—	(6,600,931)	—
Investment in subsidiary	—	4,003,806	197	(4,004,003)	—
Notes receivable	160,000	2,000	23,890	(185,890)	—
Prepaid expenses, restricted cash, escrows, and other assets	5,319	44	20,779	(977)	25,165
Goodwill	180,097	—	—	—	180,097
Interest rate swaps	24,176	—			