

DUKE REALTY CORP  
Form DEF 14A  
March 09, 2016  
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

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-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):

- 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 96<sup>th</sup> Street**

**Suite 100**

**Indianapolis, Indiana 46240**

**(317) 808-6000**

**March 9, 2016**

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 27, 2016, at 3:00 p.m. local time, at the Conrad Indianapolis, 50 West Washington Street, Indianapolis, Indiana 46204. To reserve your seat at the annual meeting, please call 317-808-6005 or send an e-mail to [ir@dukerealty.com](mailto: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 or about March 9, 2016, we mailed to a majority of our shareholders a notice containing instructions on how to access our proxy statement and 2015 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 2015 Annual Report, if you only received a notice by mail, or (ii) elect to receive future proxy statements and annual reports 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 27<sup>th</sup>.

Sincerely,

/s/ James B. Connor

James B. Connor

President and Chief Executive Officer

**Table of Contents**

**TABLE OF CONTENTS**

<u>2016 Proxy Summary</u>	1
<u>Proposal One: Election of Twelve Directors to Serve on the Company's Board of Directors for a One-Year Term Ending on the Date of the Company's 2017 Annual Meeting</u>	6
<u>Nominees for Election as Directors</u>	6
<u>Board Committees</u>	12
<u>2015 Board Committee Membership and Meetings</u>	14
<u>Director Compensation</u>	15
<u>Stock Ownership Policies</u>	16
<u>Director Compensation Table for 2015</u>	17
<u>Audit Committee Report</u>	19
<u>Fees Paid to Independent Registered Public Accountants</u>	20
<u>Audit Committee Pre-Approval Policies</u>	20
<u>Audit Committee Review</u>	20
<u>Report of the Executive Compensation Committee</u>	21
<u>Compensation Committee Interlocks and Insider Participation</u>	22
<u>Proposal Two: Advisory Vote to Approve Executive Compensation</u>	23
<u>Compensation Discussion and Analysis</u>	24
<u>Executive Summary</u>	24
<u>Consideration of Most Recent Say on Pay Vote</u>	28
<u>Overview of Executive Compensation Philosophy and Objectives</u>	28
<u>Role of the Committee and its Consultants</u>	28
<u>Assessing the Competitive Marketplace</u>	29
<u>How the Committee Uses Peer Group Data</u>	30
<u>Determining Individual Compensation Levels and Pay Mix</u>	30
<u>Analysis of 2015 Compensation Decisions</u>	31
<u>Management of Compensation-Related Risk</u>	39
<u>Employment and Severance Agreements</u>	41
<u>Compensation Changes for 2016 Based on New Executive Roles</u>	41
<u>Executive Compensation</u>	43
<u>Summary Compensation Table</u>	43
<u>Grants of Plan-Based Awards in 2015</u>	45
<u>Outstanding Equity Awards at 2015 Fiscal Year End</u>	46
<u>Option Exercises and Stock Vested in 2015</u>	47
<u>Nonqualified Deferred Compensation for 2015</u>	47
<u>Other Potential Post-Employment Payments</u>	49
<u>Change in Control Provisions Under Other Agreements</u>	50
<u>Retirement Provisions Under Other Agreements</u>	51
<u>Risk Assessment of Overall Compensation Program</u>	51
<u>Equity Compensation Plan Information</u>	52
<u>Ownership of Company Shares</u>	53
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	54
<u>Certain Relationships and Related Transactions</u>	55
<u>Proposal Three: Ratification of Reappointment of Independent Registered Public Accounting Firm</u>	56
<u>Shareholder Proposals for 2017 Annual Meeting</u>	57

<u>Annual Report</u>	57
<u>Other Matters</u>	57
<u>Householding of Proxy Material</u>	57

**Table of Contents**

**600 East 96<sup>th</sup> Street**

**Suite 100**

**Indianapolis, Indiana 46240**

**(317) 808-6000**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**To be held April 27, 2016**

Notice is hereby given that the 2016 Annual Meeting of Shareholders, or the Annual Meeting, of Duke Realty Corporation, or the Company, will be held at the Conrad Indianapolis, 50 West Washington Street, Indianapolis, Indiana 46204, on Wednesday, April 27, 2016, at 3:00 p.m. local time. At the Annual Meeting, the shareholders will be asked to act on the following:

1. To elect twelve directors to serve on the Company's Board of Directors for a one-year term ending at the 2017 Annual Meeting of Shareholders;
2. To vote on an advisory basis to approve the compensation of the Company's named executive officers for 2015;
3. To ratify the reappointment of KPMG LLP as the Company's independent registered public accountants for the fiscal year 2016; and
4. 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 February 25, 2016 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 26, 2016.

When you submit your proxy, you authorize James B. Connor 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, on an advisory basis, of the compensation of the Company's named executive officers, for ratification of the appointment of the independent auditors for 2016, and to vote in their discretion on any other business that may properly come before the Annual Meeting and any adjournments or postponements of the Annual Meeting.



**Table of Contents**

**Important Notice Regarding the Availability of Proxy Materials for the  
Annual Meeting to be Held on April 27, 2016**

**The Company's proxy statement, proxy card and 2015 Annual Report are available at <http://www.proxyvote.com>.**

By order of the Board of Directors,

/s/ Ann C. Dee

Ann C. Dee  
Executive Vice President, General Counsel and Corporate  
Secretary

Indianapolis, Indiana  
March 9, 2016

**Table of Contents**

**2016 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 2016 Annual Meeting of Shareholders, or the Annual Meeting. The Proxy Statement provides 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 27, 2016
Place	The Conrad Indianapolis, 50 West Washington Street, Indianapolis, Indiana 46204
Record Date	February 25, 2016
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.
Quorum	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, 345,901,410 shares of common stock were issued and outstanding.

**Meeting Agenda**

Election of twelve directors

Advisory vote to approve named executive officer compensation

Ratification of KPMG as auditors for 2016

Transaction of other business that may properly come before the meeting

**Voting**

Edgar Filing: DUKE REALTY CORP - Form DEF 14A

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 enclosed postage-paid envelope.

In Person: Vote at the Annual Meeting. For driving directions to the Annual Meeting, please call 317-808-6005.

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.

**Table of Contents**

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 each director nominee in Proposal One and FOR Proposals Two and Three, and in accordance with the proxy holder's discretion on any other matter that may properly come before the Annual Meeting including any adjournment or postponement thereof.

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

- (i) delivering written notice of revocation to the Company's Corporate Secretary, Ms. Ann C. Dee, at 600 East 96<sup>th</sup> 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 26, 2016.

**Voting Matters**

	Board Vote Recommendation	Page Reference (for more detail)
Election of Directors	FOR EACH DIRECTOR NOMINEE	6
Advisory Vote to Approve Executive Compensation	FOR	23
Ratification of KPMG as Auditors for 2016	FOR	56

**Significant Leadership Changes**

As previously reported, Mr. Dennis D. Oklak, who played an integral role in our growth and successes during his 11-year tenure as our Chief Executive Officer and Chairman of the Board, retired as Chief Executive Officer effective December 31, 2015. Mr. Oklak remains with the Company as the Executive Chairman of the Board. In connection with or following Mr. Oklak's retirement, our board of directors made several leadership changes, the most significant of which include the following:

Edgar Filing: DUKE REALTY CORP - Form DEF 14A

Mr. James B. Connor was appointed President and Chief Executive Officer commencing January 1, 2016. Having served as Senior Executive Vice President and Chief Operating Officer of the Company since 2013, Mr. Connor is well prepared for the Chief Executive Officer position.

On October 28, 2015, the Board expanded the size of the Board by one director and elected Mr. Connor to serve as a member effective immediately.

Also as previously reported, Mr. James D. Bremner stepped down as our President, Healthcare effective June 30, 2015.

## **Table of Contents**

### **Board Nominees**

We are asking shareholders to elect twelve directors to serve for a one-year term that will expire at the Company's 2017 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. Brokers are not entitled to vote uninstructed shares on director elections; therefore, broker non-votes are not considered entitled to vote and 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 24 and the tables and narratives that follow under Executive Compensation beginning on page 43. The proposal to approve, on an advisory basis, the compensation of the Company's named 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 have an impact on the vote to approve the compensation.

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 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. We believe the 2015 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 2016. 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 will not be treated as votes cast and therefore will not have an impact on the ratification of KPMG as our independent registered public accountant. The ratification of the selection of KPMG as the Company's independent registered public accountants for 2016 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 2015 and 2014.

**Audit Fees:** \$1,290,960 for 2015 and \$1,269,800 for 2014.

**Audit-Related Fees:** \$38,500 for 2015 and \$37,000 for 2014. These fees include employee benefit plan audits and other accounting related consultation.

**Tax Fees:** \$4,209 for 2015 and \$8,661 for 2014. These fees include services for various tax consulting matters.

**All Other Fees:** None.



## **Table of Contents**

### **Other**

Your proxy gives discretionary authority to Mr. James B. Connor and Ms. 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.

### **2017 Annual Meeting**

The deadline for shareholder proposals to be included in our proxy statement for the 2017 annual meeting of shareholders is November 9, 2016. If a shareholder wishes to present a proposal at the 2017 annual meeting, whether or not the proposal is intended to be included in the 2017 proxy material, the Company's bylaws require that the shareholder give advance written notice to the Company's Corporate Secretary 120 days prior to the one year anniversary of the date when the proxy statement was released to shareholders in connection with the previous year's annual meeting, which for the 2017 annual meeting would also be November 9, 2016.

Shareholder proposals should be submitted in writing to the Company (Attention: Ms. Ann C. Dee, Corporate Secretary). Any such proposals must comply with all applicable SEC rules and the requirements set forth in the Company's bylaws.

### **Mailing Date/Internet Availability of Proxy Materials**

This Proxy Statement, the enclosed proxy card and our 2015 Annual Report or a Notice of Internet Availability of Proxy Materials, or the Notice, were mailed or e-mailed to shareholders beginning on or about March 9, 2016. The Notice contains instructions on how to access the proxy materials online. Shareholders who received the Notice by mail or e-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 the 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.

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 solicitation is being made by the Company, and 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.

**Table of Contents**

**Information about Communications with Duke Realty Corporation and Our Board of Directors**

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>.

You may also contact the Board of Directors, by writing to:

Board of Directors

c/o the Corporate Secretary

600 East 96<sup>th</sup> Street, Suite 100

Indianapolis, Indiana 46240.

You may contact the independent directors by writing to:

Independent Directors

c/o Corporate Secretary

600 East 96<sup>th</sup> Street, Suite 100

Indianapolis, Indiana 46240

You may also contact the Company's Lead Director by emailing him at [leaddirector@dukerealty.com](mailto:leaddirector@dukerealty.com).

In addition, as required by the listing standards established by the NYSE, the Company provides a method for shareholders and other 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:

Non-Management Directors

c/o Corporate Secretary

600 East 96<sup>th</sup> Street, Suite 100

Indianapolis, Indiana 46240

Shareholder and other interested parties may communicate with the entire Board of Directors by writing to the address set forth above.

The Company's Corporate Secretary may be contacted by sending correspondence to: 600 East 96<sup>th</sup> 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 96<sup>th</sup> Street, Suite 100, Indianapolis, Indiana 46240, Attention: Investor Relations.

**Table of Contents**

**PROPOSAL ONE: ELECTION OF TWELVE DIRECTORS TO SERVE  
ON THE COMPANY S BOARD OF DIRECTORS FOR A ONE-YEAR TERM  
ENDING ON THE DATE OF THE COMPANY S 2017 ANNUAL MEETING**

The Board of Directors currently consists of fourteen members. On January 27, 2016, based on the recommendation of the Corporate Governance Committee, the Board of Directors approved a decrease in the number of directors from fourteen directors to twelve directors, effective as of the date of the Annual Meeting, and nominated twelve of the existing directors for re-election to serve for a one-year term that will expire at the Company s 2017 Annual Meeting or until their successors have been elected and qualified. The Board of Directors has also designated Mr. Dennis D. Oklak to continue to serve as the Executive 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. Brokers are not entitled to vote uninstructed shares in director elections; therefore, broker non-votes are not considered entitled to vote and 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 52

**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 77

**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 and Chief Executive Officer of Progress Energy, Inc. in 2004, posts he had held since 1999 and 1996, respectively.

**Alan H. Cohen**, Age 69

**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.

**James B. Connor**, Age 57

**Director Since:** 2015

**Board Committee:** N/A

**Qualifications:** Mr. Connor, who joined the Company in 1998, brings real estate industry, finance, operations, development, and executive leadership expertise to the Board of Directors.

Mr. Connor was named the Company's President and Chief Executive Officer, commencing January 1, 2016, and joined the Company's Board of Directors in 2015. Prior to being named President and Chief Executive Officer, Mr. Connor held various senior management positions with the Company, including Senior Executive Vice President and Chief Operating Officer of the Company from 2013 to 2015, Senior Regional Executive Vice President of the Company from 2011 to 2013, and Executive Vice President of the Company's Midwest region from 2003 and 2010. Prior to joining the Company in 1998, Mr. Connor held numerous executive and brokerage positions with Cushman & Wakefield, most recently serving as Senior Managing Director for the Midwest area. Mr. Connor serves on the Advisory Board of the Marshall Bennett Institute of Real Estate at Roosevelt University in Chicago.

**Ngairé E. Cuneo, Age 65**

**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.

**Table of Contents**

**Charles R. Eitel**, Age 66

**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 the Chief Executive Officer of WS Packaging Group, Inc., a privately owned producer of printed, packaged goods. Mr. Eitel also is a co-founder of Eitel & Armstrong, which is now North Inlet Partners, 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. He also serves on the Board of Directors of WS Packaging Group, Inc. and 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.

**Dennis D. Oklak**, Age 62

**Director Since:** 2004; Executive 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 retired from the position of Chief Executive Officer of the Company effective December 31, 2015. Mr. Oklak originally joined the Company in 1986 and held various senior executive positions within the Company, including Chief Executive Officer from 2004 until 2015. In 2005, Mr. Oklak was appointed Chairman of the Board of Directors. Mr. Oklak is a member of the Board of Directors of Xenia Hotels & Resorts, Inc., a publicly-traded REIT that invests primarily in premium full service, lifestyle and urban upscale hotels, with a focus on the top 25 U.S. lodging markets as well as key leisure destinations in the United States. Mr. Oklak also serves on the Executive Board of the National Association of Real Estate Investment Trusts and is a member of the Real Estate Roundtable.



Mr. Oklak serves on the Board of Directors 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.

**Melanie R. Sabelhaus, Age 67**

**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, healthcare 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, Ms. Sabelhaus has been devoting her time to supporting non-profit organizations. Ms. Sabelhaus currently serves as a Senior Principal of Jerold Panas, Linzy & Partners, a consulting firm that provides philanthropic organizations with fundraising advice. She also currently serves as Vice Chairman of the Board of Governors of the American Red Cross and as a trustee of Johns Hopkins Health System. 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

**Table of Contents**

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 66

**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 until his retirement in 2008. From 2004 to 2008, Mr. Scott was also President and Chief Executive Officer of Progress Energy Service Company LLC and had responsibility for all financial and administrative functions of Progress Energy, Inc. Mr. Scott also held various other management positions with Progress Energy, Inc. or its subsidiaries between 2000 and 2008, including responsibilities for its telecom and competitive energy subsidiaries. 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 73

**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 Indiana Repertory Theatre, 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.

**Table of Contents**

**Michael E. Szymanczyk, Age 67**

**Director Since:** 2014

**Board Committees:** Audit and Finance

**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. The Board of Directors has determined that Mr. Szymanczyk qualifies as an audit committee financial expert as defined under the applicable rules established by the SEC.

**Lynn C. Thurber, Age 69**

**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. Ms. Thurber is a Trustee and past Chairman of the Board of the Urban Land Institute, a non-profit organization that provides leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. 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.

### **The Structure of the Board of Directors and the Lead Director**

The Board of Directors views the selection of the Executive Chairman and the 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. Mr. Oklak served as the Company's Chairman and Chief Executive Officer from 2005 until December 31, 2015. In connection with Mr. Oklak's retirement from the position of Chief Executive Officer and Mr. Connor's appointment as President and Chief Executive Officer, our board determined to separate the roles of Chairman and Chief Executive Officer and to have Mr. Oklak continue to serve in the role of Executive Chairman. Our board believes that it is appropriate for Mr. Oklak to continue to serve as Executive Chairman given his 11-year tenure as a member of our board and deep knowledge of our history and culture. In addition, the independent members of the Board of Directors have chosen Mr. William Cavanaugh III, the Chairman of the Corporate Governance Committee, to serve as Lead Director.

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

## **Table of Contents**

Executive 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 Board of Directors believes that this structure provides an appropriate balance between the powers of the CEO, the Executive Chairman 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 and the Executive Chairman. We firmly believe that our board structure allows for appropriate oversight by the Board of Directors in fulfilling its duties to the Company and to our shareholders.

## **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 the 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. Thomas J. Baltimore, Jr., Mr. William Cavanaugh III, Mr. Alan H. Cohen, Ms. Ngaire E. Cuneo, Mr. Charles R. Eitel, Ms. Melanie R. Sabelhaus, Mr. Peter M. Scott, III, Mr. Jack R. Shaw, Mr. Michael E. Szymanczyk, or Ms. Lynn C. Thurber is currently an officer or employee of the Company or any of its affiliates, over 80% 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) that would compromise such director's independence. In January 2016, 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 director nominees are independent under the listing standards of the NYSE. In addition, the Board of Directors previously determined that Messrs. Martin C. Jischke and Robert J. Woodward, Jr. are also 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, members of the Audit

## **Table of Contents**

Committee 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.

## **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 engagement partner and oversees the auditors' activities. The selection of the independent auditor is made in the best interests of the Company and its shareholders. 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, Mr. Szymanczyk 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 for election 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 for election to the Board of Directors and in considering shareholder nominees, the Corporate Governance Committee generally considers the age, expertise, business

## **Table of Contents**

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 for election 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 bylaws 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 be named in the proxy statement as a nominee and to serve if elected, and evidence of the nominating person's share ownership. The complete set of requirements for any such nomination is included in the Company's bylaws.

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 of the Company. The Executive Compensation Committee may delegate authority to sub-committees as appropriate.

Each member of the Executive Compensation Committee satisfies the enhanced independence standards for compensation committee members as defined in the listing standards of the NYSE and the rules of the SEC. 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>.

**Table of Contents**

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 asset acquisitions, asset dispositions and development 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>.

**2015 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 2015.

	<b>Board</b>	<b>Audit</b>	<b>Executive Compensation</b>	<b>Finance</b>	<b>Corporate Governance</b>
<b>Thomas J. Baltimore, Jr.</b>	Member				Member
<b>William Cavanaugh III</b>	Lead Director				Chairman
<b>Alan H. Cohen</b>	Member		Chairman		
<b>James B. Connor (1)</b>	Member				
<b>Ngairé E. Cuneo</b>	Member	Member		Member	
<b>Charles R. Eitel</b>	Member				Member
<b>Martin C. Jischke, Ph.D.</b>	Member		Member		
<b>Dennis D. Oklak</b>	Chairman				
<b>Melanie R. Sabelhaus</b>	Member		Member		
<b>Peter M. Scott, III</b>	Member	Member		Member	
<b>Jack R. Shaw</b>	Member	Chairman		Member	
<b>Michael E. Szymanczyk</b>	Member	Member		Member	
<b>Lynn C. Thurber</b>	Member		Member		
<b>Robert J. Woodward Jr.</b>	Member	Member		Chairman	
<b>Number of 2015 Meetings</b>	5	8	5	6	9

(1) Mr. Connor was appointed to the Board of Directors on October 28, 2015.

The independent directors met separately in executive sessions four times in 2015, 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

**Table of Contents**

nominee for director who does not receive at least a majority of the votes entitled to vote thereon present in person or by proxy, 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 receives 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 do 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.

**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 2015, including meetings of the committees of which they were members. The Company encourages all of its directors to attend the annual meeting and, in 2015, 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 2015:

an annual retainer of \$80,000, 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:

<b>Service Description</b>	<b>Annual Amount</b>
Lead Director/Corporate Governance Committee Chairman (1)	\$ 25,000
Audit Committee Chairman	\$ 20,000
Executive Compensation Committee Chairman	\$ 12,500
Finance Committee Chairman	\$ 12,500
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 \$25,000 for 2015.

an annual grant of restricted stock units, or RSUs, pursuant to the Duke Realty Corporation 2015 Non-Employee Directors Compensation Plan, or the 2015 Directors Plan. These RSUs were granted on February 10, 2015 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 \$80,000 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.

---

## **Table of Contents**

Effective January 1, 2016, the annual retainer was increased to \$90,000, and the value of the annual grant of RSUs was increased to \$90,000. All other aspects of the program remain the same as in 2015.

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. In addition, the Company matches dollar for dollar, donations made by eligible associates and board members, up to \$1,000 per associate/board member per calendar year to the eligible nonprofit organization of their choice. 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 reinvested in additional hypothetical shares based upon the market price of the Company's common stock on the date 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, 2015, 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, 2015.

**Director Compensation Table for 2015**

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$ (1))</b>	<b>Stock Awards (\$ (2) (3))</b>	<b>All Other Compensation (\$ (4))</b>	<b>Total (\$)</b>
Thomas J. Baltimore, Jr.	78,750	80,000		158,750
William Cavanaugh III	103,750	80,000		183,750
Alan H. Cohen	91,250	80,000		171,250
Ngairé E. Cuneo	83,750	80,000	1,000	164,750
Charles R. Eitel	78,750	80,000	1,000	159,750
Martin C. Jischke, Ph.D.	78,750	80,000		158,750
Melanie R. Sabelhaus	78,750	80,000		158,750
Peter M. Scott, III	83,750	80,000		163,750
Jack R. Shaw	103,750	80,000		183,750
Michael E. Szymanczyk	83,750	80,000		163,750
Lynn C. Thurber	78,750	80,000		158,750
Robert J. Woodward Jr.	96,250	80,000		176,250

- (1) Because we pay director fees in arrears on a quarterly basis, a portion of the cash fees paid to directors in 2015 was based on the prior year's annual retainer amount. Messrs. Baltimore, Cavanaugh and Cohen, and Meses. Cuneo and Thurber each elected to receive payment of their annual cash retainer in shares of common stock as indicated in the following table. Ms. Sabelhaus previously elected to receive her 2014 annual cash retainer in shares of common stock, for which she received the final payment in shares in January 2015. Furthermore, Mr. Cavanaugh and Ms. Cuneo elected to defer receipt of their shares for their annual retainer and any supplemental retainer pursuant to the Directors' Deferred Compensation Plan of Duke Realty Corporation. The number of shares was determined by dividing the amount of the applicable retainer by the closing stock price on the date the retainer was earned.

<b>Name</b>	<b>Total Number of Shares Received in 2015 for Annual Cash Retainer</b>
Thomas J. Baltimore, Jr	3,950
William Cavanaugh III	5,204
Alan H. Cohen	3,950
Ngairé E. Cuneo	4,200
Melanie R. Sabelhaus	928
Lynn C. Thurber	3,950

- (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 2015.

**Table of Contents**

- (3) No options were granted to directors in 2015, and there were no outstanding options held by the Company's non-employee directors as of December 31, 2015. The following table sets forth the aggregate number of outstanding stock awards held by the Company's non-employee directors as of December 31, 2015:

<b>Name</b>	<b>Number of RSUs</b>
Thomas J. Baltimore, Jr.	3,943
William Cavanaugh III	3,943
Alan H. Cohen	3,943
Ngairé E. Cuneo	3,943
Charles R. Eitel	3,943
Martin C. Jischke, Ph.D.	3,943
Melanie R. Sabelhaus	3,943
Peter M. Scott, III	3,943
Jack R. Shaw	3,943
Michael E. Szymanczyk	7,010
Lynn C. Thurber	3,943
Robert J. Woodward Jr.	3,943

- (4) Represents the amount of matching charitable contributions provided under the Duke Realty Matching Gifts program.

---

**Table of Contents**

**AUDIT COMMITTEE REPORT**

The Audit Committee of the Board of Directors, or the Audit Committee, is composed of five 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, Mr. Szymanczyk 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 auditing the consolidated financial statements and expressing an opinion on the financial statements and the effectiveness of internal controls over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 2015 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, 2015 to be filed with the SEC.

**Audit Committee**

Jack R. Shaw, Chairman

Ngaire E. Cuneo

Peter M. Scott, III

Michael E. Szymanczyk

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 2015 and 2014:

**Audit Fees:** \$1,290,960 for 2015 and \$1,269,800 for 2014.

**Audit-Related Fees:** \$38,500 for 2015 and \$37,000 for 2014. These fees include employee benefit plan audits and other accounting related consultation.

**Tax Fees:** \$4,209 for 2015 and \$8,661 for 2014. 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. All non-audit services provided by KPMG in 2014 and 2015 were approved in accordance with this pre-approval policy.

**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, 2015. 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**

In accordance with the requirements of Section 14A of the Exchange Act and the related SEC rules, we are asking our shareholders to vote to approve, on an advisory (nonbinding) basis, the compensation of our named executive officers, as disclosed in this Proxy Statement.

As discussed in the Compensation Discussion and Analysis beginning on page 24, 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 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. We believe the 2015 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 29, 2015, over 93% of the shares voted were voted in support of the 2014 compensation of our named executive officers, which was discussed and disclosed in the 2015 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 named executive officers and the Company's overall pay practices enjoy strong shareholder support. No significant changes were made to our executive compensation program for 2015 as a result of the advisory vote.

The Board of Directors invites you to review carefully the Compensation Discussion and Analysis beginning on page 24 and the tabular and other disclosures on compensation under Executive Compensation beginning on page 43, and encourages you to 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. However, if there is a 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. Currently, say-on-pay votes are held by the Company annually, and the next vote on the frequency of the shareholders' advisory vote will occur at the 2017 annual meeting of shareholders.

The proposal to approve, on an advisory basis, the compensation of the Company's named 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 2015 by the following individuals, whom we refer to as our named executive officers:

our Executive Chairman, Mr. Dennis D. Oklak, who served as our Chief Executive Officer in 2015;

our President and Chief Executive Officer, Mr. James B. Connor, who served as our Senior Executive Vice President and Chief Operating Officer in 2015;

our Executive Vice President and Chief Financial Officer, Mr. Mark A. Denien;

our Executive Vice President, Construction, Mr. Steven R. Kennedy; and

our former President, Healthcare, Mr. James D. Bremner, who left the Company's employment on June 30, 2015.

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 U.S. industrial properties REIT providing supply chain real estate solutions with an incremental focus on medical office real estate. As of December 31, 2015, our diversified portfolio of 579 rental and development properties, including jointly controlled properties, encompasses 141.8 million rentable square feet and is leased by a diverse base of approximately 1,600 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, approximately 3,200 acres of land and control an additional 1,600 acres through purchase options.

*Our Business Plan.* Our 2015 business plan focused on improving operating results, portfolio repositioning to substantially reduce our exposure to suburban office properties and improve our overall portfolio quality and strengthening our overall financial position.

Our operational focus for 2015 was to grow adjusted funds from operations, or AFFO, and funds from operations, or FFO, through (1) increasing property occupancy and rental rates to improve same property net

operating income; (2) managing capital expenditures on second generation leases; and (3) providing a full line of real estate services to our tenants and to third parties.

Our capital strategy was to improve our balance sheet and overall financial position by actively managing the components of our capital structure, utilizing proceeds from property dispositions to repay debt, maintaining investment grade ratings from our credit rating agencies and improving the key metrics that drive such credit ratings.

*Summary of 2015 Financial and Operational Results.* Overall, 2015 was a year of exceptional performance. We delivered outstanding results as illustrated by the following highlights:

Operational Results: Even with only moderate improvements in the overall economic environment, we had strong operational results in 2015. We increased our in-service occupancy from 95.3% at December 31, 2014 to 96.1% at December 31, 2015. This occupancy level at December 31, 2015 represents the highest in-service occupancy level in the Company's history. In addition to increasing

## Table of Contents

our occupancy, we were able to obtain positive rental rate growth on renewals of 11.9% and achieved growth in same property net operating income of 4.7%. As described later in this CD&A, average in-service occupancy and same property net operating income were performance goals under our 2015 annual cash incentive bonus program.

**Capital Strategy:** In 2015, we used building and land dispositions proceeds to fund our development pipeline and to reduce leverage. These transactions enabled us to retire over \$1.0 billion of debt.

Our capital strategy actions have enabled us to continue to strengthen our balance sheet, obtain better economics for our 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 to 2.9x in 2015, up from 2.4x in 2014. As described later in this CD&A, fixed charge coverage ratio was a performance goal under our 2015 annual cash incentive bonus program. 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 their continual review of our business strategy, management and the Board set financial goals designed to drive Company growth within the context of current economic conditions. Our 2015 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 the Company's financial goals. While the improvement in the economy was moderate during 2015, we were able to execute effectively in all phases of our strategy and achieved or exceeded our financial performance target goals during 2015.

In keeping with the Committee's long-held compensation philosophy of pay for performance, the 2015 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 2015 annual bonuses for our named executive officers was 159% of target. This was largely a reflection of our strong performance across our operational and capital strategies as discussed above, which formed the basis for financial and operational metrics that were used to determine bonus payouts.

The amount our named executive officers will earn from their outstanding performance shares for 2015, 2014 and 2013 grants is directly affected by the increase in AFFO, the increase in our stock price plus reinvested dividends, and for the 2015 and 2014 grants, also the achievement of goals related to our fixed charge coverage and debt plus preferred to EBITDA ratios. The 2013 performance share grants measure the results for both AFFO and total shareholder return over a three-year period and the 2015 and 2014 performance share grants measure the results for all four measures, also over a three-year period. As shown in further detail in the section entitled "Performance Share Awards" included in the discussion of long-term incentive awards later in this CD&A, each of our named executive officers earned 200% of the target number of performance shares granted in 2013, except for Mr. Denien who was not eligible for the Performance Share Plan at that time.



**Table of Contents**

*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.

<b>Our Executive Compensation Practices:</b>		<b>Executive Compensation Practices We Have Not Implemented:</b>	
<b>(What We Do)</b>	<b>See page</b>	<b>(What We Don't Do)</b>	<b>See page</b>
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.	30		
The Committee makes all final compensation decisions regarding our named executive officers, historically with input from our CEO and COO with regard to compensation for our named executive officers other than for the CEO.	31		
The Committee engages an independent compensation consultant to provide it advice in fulfilling its responsibilities. The consultant is retained directly by and reports to the Committee.	28	Our compensation consultant did not provide any services in 2015 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 conflicts of interest.	28, 40
The Committee reviews comprehensive analyses of each named executive officer's compensation in total and by component.	31		
Our annual bonus plan is performance-based and has appropriate caps on bonus payouts. The 2015 performance goals for our named executive officers were designed to focus attention on our key operational and financial goals for the year and our longer-term strategies.	33		
We encourage alignment of our executive officers' interests with those of our shareholders through the award of long-term equity grants. In 2015, the long-term equity grants to our named executive officers were awarded fifty percent in restricted stock unit awards that vest ratably over three years and fifty percent in performance shares that vest	36		



based on average annual growth in AFFO per share,  
relative total shareholder return performance and  
reaching certain goals related to fixed charge  
coverage and debt

**Table of Contents**

<b>Our Executive Compensation Practices: (What We Do)</b>	<b>See page</b>	<b>Executive Compensation Practices We Have Not Implemented: (What We Don't Do)</b>	<b>See page</b>
plus preferred to EBITDA ratios, all measured over a three-year period. In lieu of these awards, executive officers were entitled to elect to receive LTIP units designed to qualify as profits interests in our operating partnership. The LTIP units have the same vesting conditions as the related restricted stock units and performance share awards.			
We provide only modest perquisites. With few exceptions, our named executive officers participate in the same welfare benefit programs available at the same cost to all other salaried employees.	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 for severance under certain termination scenarios 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.	49
Our equity incentive plan provides for double-trigger vesting for awards that are assumed by the acquiring company in a change in control.	50	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.  Our equity incentive plan expressly prohibits repricing of options or SARs (directly or indirectly) without prior shareholder approval.	50
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 prohibits pledging of Company stock.	
We have designed our compensation program to manage and mitigate compensation-related risk, including diversification of performance measures, caps on potential payments, clawback provisions,	51	Upon assessment in 2015, the Committee concluded that our compensation programs, considered as a whole, including applicable risk-mitigation features, are not reasonably	51

balanced time-horizons on incentive compensation,  
and annual risk assessments.

likely to have a material adverse effect on the  
Company.

## **Table of Contents**

### **Consideration of Most Recent Say on Pay Vote**

The Committee recognizes that executive pay practices and views 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 *Information about Communications with Duke Realty Corporation and Our Board of Directors* on page 5 for information about communicating with the Board.

At the annual meeting of shareholders on April 29, 2015, over 93% of the shares voted were voted in support of the 2014 compensation of our named executive officers, as discussed and disclosed in the 2015 proxy statement. 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 2015 as a result of the advisory vote.

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 at 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 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 determining the Company's compensation strategy and setting the compensation of the Company's senior executive officers. 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 2015, the Committee engaged

## **Table of Contents**

Frederic W. Cook & Co., Inc., or Cook & Co., as its independent executive compensation consultant. Cook & Co. 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 determining the allocation of 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 conflicts of interest.

### **Assessing the Competitive Marketplace**

As part of its process of evaluating our compensation program, the Committee reviews peer compensation data to ensure that our executive officer compensation is competitive in the marketplace. In 2014, 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 were 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) at that time. 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 \$7.1 billion to \$15.0 billion, with a median of \$10.2 billion (as of June 30, 2014). The Company's total capitalization of approximately \$10.8 billion (also as of June 30, 2014) was consistent with the median of the peer group. The companies included in the REIT compensation peer group were as follows:

Apartment Investment and Management Company

BioMed Realty Trust, Inc.

Brixmor Property Group, Inc.

Camden Property Trust

CBL & Associates Properties, Inc.

DDR Corporation

Digital Realty Trust, Inc.

Douglas Emmett, Inc.

Federal Realty Investment Trust

Kimco Realty Corporation

Liberty Property Trust

Taubman Centers, Inc.

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 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 \$4.1 billion to \$8.8 billion, with a median of \$6.1 billion (as of June 30, 2014). The Company's equity market capitalization of approximately \$6.0 billion (also as of June 30, 2014) was consistent with the median of the peer group. The companies included in the general public company compensation peer group were as follows: Arrow Electrics, Inc., Arthur J. Gallagher & Co., Cree, Inc., Dunkin Brands Group, Inc., E\*Trade Financial Corporation, Equifax, Inc., First Republic Bank, Frontier Communications Corporation, Medivation, Inc., Nordson Corporation, Panera Bread Co., Waste Connections, Inc., and Williams-Sonoma Inc.

## **Table of Contents**

### **How the Committee Uses Peer Group Data**

The Committee's objective related to executive compensation is to provide a range of compensation opportunities with a combination of elements and with midpoints 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, the Committee also applies its judgment of what is appropriate and fair under the circumstances of the 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 performance against prescribed annual goals, and (3) long-term incentives, which in 2015 were granted fifty percent in the form of RSUs and fifty percent in the form of performance shares that will be settled in shares of our common stock if and to the extent earned. These long-term incentives also are considered variable compensation in the sense that their 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 these various elements, taking into consideration the competitive market data for our REIT compensation peer group and the rank and responsibility of each executive.

We believe that a significant percentage of our executives' compensation should be at risk and subject to performance. In addition, we 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-based awards.



**Table of Contents**

To illustrate how we apply this strategy, the charts below show the allocations of the fiscal year 2015 target total direct compensation for our former CEO and the fiscal year 2015 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 2015 Targeted Total Direct Compensation (1)**

(1) Mr. Bremner is not included in the Other NEOs chart since he was not an executive officer for the entire year.

= Base Salary

= Annual Bonus

= Performance Shares

= Restricted Stock Units

**Analysis of 2015 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 Mr. Kennedy, the financial and operational results of the construction division, 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 the overall 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.

**Table of Contents**

*CEO Individual Performance.* At the beginning of each year, the Committee reviews and approves individual goals for the CEO. These goals relate to financial and operational performance, implementation of strategic initiatives and personnel development and recruitment. In 2015, Mr. Oklak's individual goals included, among others: executing on the Company's strategic plan related to the disposition of suburban office assets, reducing leverage, receiving a positive outlook from S&P and Moody's, and executing on the CEO succession plan. After the end of the year, the Committee assessed Mr. Oklak's performance against his individual goals for 2015, and this assessment was taken into account in determining a portion of his 2015 annual bonus.

*Other Executive Officers' Individual and Division Performance.* Historically, development of individual, and if applicable division, performance goals for each named executive officer, has been a collective effort by Messrs. Oklak and Connor, the Committee and the named executive officer himself. At the beginning of 2015, Messrs. Oklak and Connor made recommendations to the Committee for individual, and if applicable, division performance goals for their direct reports who are named executive officers. The individual and division goals varied considerably from one executive to another, as a reflection of their different roles within the Company.

Mr. Connor had individual goals for 2015 tailored to reflect his responsibilities as the former Senior Executive Vice President and Chief Operating Officer, or COO, including goals in the following areas: executing on the Company's strategic plan, developing key staff, and executing on certain diversity and inclusion goals.

As the Company's Chief Financial Officer, or CFO, Mr. Denien's individual goals for 2015 focused on contributing to the development and execution of our long-term strategic plan, improving the Company's overall leverage profile, continuing to build on relationships with investors, analysts and rating agencies, and communicating effectively with shareholders and analysts regarding our business.

Mr. Kennedy had individual and division goals for 2015 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 adjustment goals, implementing certain project execution goals related to project costs and completion dates, managing overhead expenses, developing key leaders on his team, managing staffing levels and geographic alignment to effectively support the Company's strategy, and diversity and inclusion goals.

As the former President, Healthcare, Mr. Bremner had individual and division performance goals for 2015 related to his responsibilities to oversee the Company's healthcare division, including goals in the following areas: property cash flow (AFFO), same-property net operating income growth, average in-service lease up occupancy, lease quality, development starts and yields, and continued development of his leadership team.

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 their evaluations, Messrs. Oklak and Connor reported to the Committee their assessment of the individual and division performance of each executive officer other than Mr. Oklak, for 2015. These assessments were taken into account in determining a portion of the 2015 annual bonus for our officers and in setting base salaries for our officers for 2016.

*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 by \$60,000 to \$820,000 at the beginning of 2015 to recognize his experience level and overall performance during 2014. Mr. Denien's base salary increased by \$40,000 to \$430,000 at the beginning of 2015 to recognize his performance during 2014 as well as to bring his

---

**Table of Contents**

base salary more in line with competitive benchmarks. Messrs. Connor's and Kennedy's base salaries were increased at the beginning of 2015 by \$25,000 and \$10,000, respectively, to \$475,000 and \$358,000 in recognition of their performance in 2014. Mr. Bremner's base salary remained at \$395,000 in 2015.

*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 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, division) performance against goals approved by the Committee, with a higher emphasis on overall Company performance for Messrs. Oklak, Connor, and Denien.

For purposes of the annual bonus program, overall Company performance in 2015 was measured by operational strategy goals, and in the case of Messrs. Oklak and Denien, a capital strategy goal. There were three operational strategy goals: one that measured the Company's annual change in AFFO per share, one that measured the average in-service lease up occupancy of our real estate portfolio, and one that measured annual change in same-property net operating income, each as described in more detail below. The capital strategy goal measured the Company's fixed charge coverage ratio, which is the extent to which our core EBITDA is sufficient to cover our financing costs. We selected these measures because they directly impact and are indicative of our success in achieving our primary financial and operational objectives for 2015: namely, increasing profitability by maximizing cash from operations.

Fixed Charge Coverage Ratio means Core EBITDA divided by interest expense, preferred dividends and capitalized interest from the most recent quarter. In addition each component is adjusted to include the Company's applicable share of such components from joint ventures. Core EBITDA is earnings before interest, taxes, depreciation and amortization adjusted to exclude gains or losses on land or other property sales, gains or losses pertaining to acquisitions, impairment charges, capital transactions, and severance charges related to major overhead restructuring activities. In the event that a major capital transaction (including the issuance or redemption of debt, preferred stock or common stock) occurs during the year, proforma adjustments are made to the applicable components of the leverage metric computations as if such capital transaction had occurred at the beginning of the year.

To calculate AFFO, FFO is first 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

**Table of Contents**

(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.

Forty-five percent of the annual bonus opportunity for Messrs. Kennedy and Bremner in 2015 was based on performance goals for the Construction and Healthcare divisions, respectively. Ten percent of the annual incentive bonus opportunity for each of our named executive officers in 2015 was directly tied to individual performance.

Due to Mr. Bremner's departure in June 2015, he was not eligible to receive an annual bonus for 2015.

**Table of Contents**

The following table shows the performance goals and weightings of the 2015 annual incentive bonus opportunities for the named executive officers.

	Weighting for Dennis D. Okla and Mark A. De		Weighting for Steven R. Kennedy and James D. Bremner		2015 Annual Incentive Targets				
	James B. Co	Weighting	James D. Bremner	Weighting	Threshold	Target	Stretch	Superior	Actual
AFFO/Share	25%	30%	15%		\$ .96	\$ 1.00	\$ 1.04	\$ 1.06	\$ 1.01
Average In-Service Lease Up Occupancy	25%	30%	15%		93.8%	95.1%	95.5%	95.9%	95.8%
Same-Property Net Operating Income	25%	30%	15%		1.6%	2.9%	4.1%	4.9%	4.7%
Fixed Charge Coverage Ratio (Q4 Annualized)	15%	0%	0%		2.6x	2.9x	3.1x	3.3x	3.2x
Division Goals	0%	0%	45%		<p>For Mr. Kennedy: A mix of financial and operational goals applicable to our Construction Division, including: construction volume (\$707.7 million target, \$562.3 million actual), construction starts (\$725.0 million target, \$791.8 million actual), third party fee variance 0% target, 53.7% actual), and various project execution, overhead expense and diversity and inclusion metrics.</p> <p>For Mr. Bremner: A mix of financial and operational goals applicable to our Healthcare Division, including AFFO (\$102.5 million target, \$103.1 million actual), same property NOI growth (5.44% target, 5.83% actual), average in-service lease up occupancy (95.26% target, 94.77% actual), development stabilized costs and yields (\$160.0 million/7.28% target, \$129.1 million/7.46% actual), and lease quality (various metrics).</p>				

Individual Goals	10%	10%	10%	Subjective assessment of achievement of individual goals for 2015 as discussed above.
------------------	-----	-----	-----	---

Total	100%	100%	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 2015 for each of our named executive officers and the actual award earned, in each case expressed as a percentage of base salary:

<b>Name</b>	<b>Target Annual Bonus (as a % of Salary)</b>	<b>Actual Annual Bonus (as a % of Salary)</b>
Dennis D. Oklak	135%	221%
James B. Connor	125%	201%
Mark A. Denien	100%	160%
Steven R. Kennedy	105%	152%
James D. Bremner	110%	

*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 2015 for each of our named executive officers, expressed as a percentage of base salary:

<b>Name</b>	<b>Target Long-Term Incentive Award Value (as a % of Salary)</b>
Dennis D. Oklak	400%
James B. Connor	230%
Mark A. Denien	180%
Steven R. Kennedy	125%
James D. Bremner	150%

The long-term equity awards made to our named executive officers in February 2015 consisted of a combination of RSUs and performance share awards. In 2015, executive officers were permitted to elect to receive LTIP units in lieu of RSUs or performance share awards. The LTIP units are designed to qualify as profits interests in our operating partnership, Duke Realty Limited Partnership, for federal income tax purposes. To the extent the value of the LTIP units increases after the grant date, the LTIP units will become regular common units of ownership in the operating partnership upon vesting. Pursuant to the limited partnership agreement of the operating partnership, common units of ownership in the operating partnership may be redeemed for shares in the Company on a 1:1 basis.

*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 fifty percent of the long-term incentive grants in 2015 in the form of RSUs. RSUs are aligned with performance because they allow the holder to share in total shareholder return, both through share price appreciation (or depreciation) and dividends.

**Table of Contents**

The RSUs granted in 2015 vest ratably over a three-year period, subject to the holder's continued employment with the Company. 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.

LTIP units elected in lieu of RSUs have the same time-based vesting provisions as the RSUs. However, instead of accumulating dividend equivalents, holders of LTIP units issued in lieu of RSUs receive cash distributions from the operating partnership on each dividend payment date.

*Performance Share Awards.* The Performance Share Plan, or 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 share awards 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. Executives may also elect to receive LTIP units in lieu of performance shares. The actual number of performance shares or LTIP units 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. Performance shares also earn dividend equivalents only on performance shares that vest. LTIP units awarded in lieu of PSP awards receive cash distributions equal to ten percent of the regular partnership distributions during the vesting period. The LTIP units accrue additional dividend equivalent LTIP units up to ninety percent of the regular partnership distributions. As with performance shares, dividend equivalents are earned on LTIP Units only if those units vest.

*Grant of Performance Share Awards in 2015.* Fifty percent of the total grant-date value of the long-term equity awards made to our named executive officers in February 2015 consists of performance shares under the PSP. These awards have three financial performance components, each weighted one-third of the 2015 PSP Award, that are measured over a three-year period beginning January 1, 2015 as shown in more detail below. Shares and LTIP units granted under the PSP are issued under the Duke Realty Corporation 2015 Long-Term Incentive Plan, or the 2015 Incentive Plan. To the extent performance goals are achieved, the 2015 performance share awards will pay out after the end of the 2015-2017 performance period.

The first financial component measures the Company's average annual growth in AFFO per share. The following table shows the AFFO goals and corresponding payout percentages of target levels for the 2015 PSP Awards, with payout for performance between levels linearly interpolated.

Performance Level	Average Annual Growth in AFFO per share	
	Targets	Payout Percentage
Superior	5% or above	200%
Target	3.0%	100%
Threshold	0%	50%
	Less than 0%	0%

The second financial component is the leverage metric, which includes two equally-weighted measures:

Fixed Charge Coverage Ratio, which is Core EBITDA divided by the sum of (a) interest expense (b) preferred dividends, and (c) capitalized interest.

Debt plus Preferred to EBITDA Ratio, which is (Company debt + preferred stock - cash) divided by Core EBITDA.

**Table of Contents**

The following tables show the leverage metric goals and corresponding payout percentages of target levels for the 2015 PSP Awards, with payout for performance between levels linearly interpreted.

<b>Fixed Charge Coverage Ratio</b>		
<b>Performance Level</b>	<b>Targets</b>	<b>Payout Percentages</b>
Superior	3.3 or above	200%
Target	3.0	100%
Threshold	2.5	50%
	Less than 2.5	0%

<b>Debt Plus Preferred to EBITDA Ratio</b>		
<b>Performance Level</b>	<b>Targets</b>	<b>Payout Percentages</b>
Superior	6.00 or less	200%
Target	6.50	100%
Threshold	7.25	50%
	Greater than 7.25	0%

Core EBITDA is earnings before interest, taxes, depreciation and amortization adjusted to exclude gains or losses on land or other property sales, gains or losses pertaining to acquisitions, impairment charges, capital transactions, and severance charges related to major overhead restructuring activities. Core EBITDA and each of the components thereof used in the above definitions will be adjusted (i) to include a full-year's EBITDA and earnings from properties acquired during the year and for development projects that were placed in service during the year, and (ii) to exclude all EBITDA and earnings from properties that were sold during the year. All components (e.g., Core EBITDA, debt, cash, interest expense, etc.) of the leverage metric computations will be determined in a manner consistent with the disclosures made in the applicable supplemental information report contained on the Company's website. In addition, each component will be adjusted to include the Company's applicable share of such components from joint ventures. In the event that a major capital transaction (including the issuance or redemption of debt, preferred stock or common stock) occurs during the year, proforma adjustments will be made to the applicable components of the leverage metric computations as if such capital transaction had occurred at the beginning of the year.

The third financial component measures our annualized total shareholder return (changes in stock price, inclusive of reinvested dividends) relative to a peer group. The following table shows the payout percentage for the 2015 PSP Awards at various levels of relative total shareholder return. Payouts for the total shareholder return component are not interpolated.

<b>Relative Total Shareholder Return</b>		
<b>Performance Level</b>	<b>Targets</b>	<b>Payout Percentage</b>
Superior	<sup>3</sup> 80 <sup>th</sup> Percentile	200%
Stretch	<sup>3</sup> 60 <sup>th</sup> Percentile and < 80 <sup>th</sup> Percentile	150%
Target	<sup>3</sup> 40 <sup>th</sup> Percentile and < 60 <sup>th</sup> Percentile	100%
Threshold	<sup>3</sup> 30 <sup>th</sup> Percentile and < 40 <sup>th</sup> Percentile	50%
	< 30 <sup>th</sup> Percentile	0%

For purposes of relative total shareholder return comparisons, the Company selected REITs against which we most directly competed for business and/or capital at the time the PSP awards were granted, for inclusion in the

performance peer group:

DCT Industrial Trust Inc.

First Industrial Realty Trust, Inc.

Liberty Property Trust

Prologis, Inc.

Healthcare Realty Trust, Inc.

EastGroup Properties, Inc.

Highwoods Properties, Inc.

Parkway Properties, Inc.

STAG Industrial, Inc.

Healthcare Trust of America, Inc.

**Table of Contents**

*Payout of Performance Share Awards Granted in 2013.* In 2015, Messrs. Oklak, Connor, Kennedy, and Bremner earned a payout of the performance shares granted under the PSP in 2013, or the 2013 PSP Awards. The 2013 PSP Awards had two equally-weighted financial performance components, one that measured the Company's average annual growth in AFFO and one that measured the Company's annualized total shareholder return (changes in stock price, inclusive of reinvested dividends) relative to a peer group, both over a three-year period beginning January 1, 2013.

The following table shows the AFFO metric goals and corresponding payout percentages for the 2013 PSP Awards, with payout for performance between levels linearly interpolated.

Performance Level	Average Annual Growth in AFFO per share	Weighted 50%
	Targets	Payout Percentage
Superior	4% or above	200%
Target	2%	100%
Threshold	0%	50%
	Less than 0%	0%

The following table shows the payout percentage for the 2013 PSP Awards at various levels of relative total shareholder return (changes in stock prices, inclusive of reinstated dividends). Payouts for the total shareholder return component are not interpolated.

Performance Level	Annualized Total Shareholder Return	Weighted 50%
	Targets	Payout Percentage
Superior	<sup>3</sup> 80 <sup>th</sup> Percentile	200%
Stretch	<sup>3</sup> 65 <sup>th</sup> Percentile and < 80 <sup>th</sup> Percentile	150%
Target	<sup>3</sup> 45 <sup>th</sup> Percentile and < 65 <sup>th</sup> Percentile	100%
Threshold	<sup>3</sup> 30 <sup>th</sup> Percentile and < 45 <sup>th</sup> Percentile	50%
	< 30 <sup>th</sup> Percentile	0%

For purposes of the 2013 PSP Awards, our average annual growth in AFFO per share was 7.21%, resulting in a payout percentage of 200% and our relative total shareholder return ranking was at the 100th percentile, resulting in a payout percentage of 200%. The combined payout percentage was 200%, 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 2015* for the number of shares of stock and value thereof received by our named executive officers in connection with the payout of the 2013 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 2015, 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 compensation-related risk:

Diversification of performance measures;



**Table of Contents**

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. with respect to our compensation programs 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. No such conflicts of interest arose in 2015.

*Compensation Recoupment Policy.* The Company has adopted a compensation recoupment policy under which executive officers and the principal 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.

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

## **Table of Contents**

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, including limited partnership units in Duke Realty Limited Partnership, 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 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.

## **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. 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. We believe that such enhanced severance provides important retentive value during critical periods relating to potential change in control and reduces the likelihood that executives may be concerned and distracted by uncertainty as to their ongoing role in the organization after the transaction.

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

## **Compensation Changes for 2016 Based on New Executive Roles**

In his role as Executive Chairman of the Board, effective January 1, 2016, Mr. Oklak will be paid a base salary of \$450,000, with a target annual incentive bonus of 100% of his base salary and a long-term equity-based incentive award of 250% of his base salary. Mr. Oklak will not receive any additional compensation for his service on the Board.



**Table of Contents**

Mr. Connor's base salary for 2016 was increased to \$650,000, due to his promotion to President and Chief Executive Officer of the Company, effective January 1, 2016. His target annual incentive bonus for 2016 is 115% of his base salary, and his target long-term equity based incentive award value is 380% of his base salary. He will not receive any additional compensation for his service on the Board.

In connection with Mr. Bremner's termination of employment effective June 30, 2015, he agreed to provide certain consulting services to Duke Realty Services Limited Partnership during the period commencing on July 1, 2015 and ending on June 30, 2016. Mr. Bremner is providing these services through BRE II, LLC, an Indiana limited liability company of which he is the sole member. Pursuant to the Consulting Agreement between the Company and BRE II, LLC, consulting fees will be equal to \$8,333.34 per month during this period. Consulting fees paid to BRE II, LLC in 2015 are included in "All Other Compensation" column of the Summary Compensation Table under the section entitled Executive Compensation.

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, 2015, December 31, 2014 and December 31, 2013. 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 (\$) <sup>(3)</sup>	Stock Awards (\$) <sup>(4)</sup>	Non-Equity Incentive		Total (\$)
				Plan Compensation (\$) <sup>(5)</sup>	All Other Compensation (\$) <sup>(6)</sup>	
Dennis D. Oklak Chairman and Chief Executive Officer (1)	2015	844,615	3,040,000	1,809,950	27,027	5,721,592
	2014	755,385	2,304,000	1,754,460	28,752	4,842,597
	2013	718,461	2,240,000	1,458,000	27,803	4,444,264
James B. Connor Senior Executive Vice President and Chief Operating Officer (2)	2015	490,385	1,035,000	954,160	29,652	2,509,197
	2014	447,116	765,000	971,440	293,097	2,476,653
	2013	399,308	600,000	747,150	27,996	1,774,454
Mark A. Denien Executive Vice President and Chief Financial Officer	2015	441,923	702,000	688,000	28,257	1,860,180
	2014	384,231	527,000	587,050	28,059	1,526,340
	2013	297,623	153,650	452,890	14,381	918,544
Steven R. Kennedy Executive Vice President, Construction	2015	370,615	435,000	543,560	15,431	1,364,606
	2014	346,846	422,500	598,160	13,487	1,380,993
	2013	337,384	412,500	486,480	16,547	1,252,911
James D. Bremner, former President, Healthcare	2015	233,961	592,500		59,981	886,442
	2014	393,846	577,500	656,580	13,538	1,641,464
	2013	384,232	487,500	598,960	12,668	1,483,360

- (1) Mr. Oklak retired as Chief Executive Officer effective December 31, 2015. Mr. Oklak remains with the Company as the Executive Chairman of the Board.
- (2) Mr. Connor was appointed President and Chief Executive Officer commencing January 1, 2016.
- (3) Represents base salary earned during the fiscal year. For Mr. Bremner, the amount shown for 2015 represents his annual base salary that was paid until his termination of employment on June 30, 2015.

- (4) This column reflects the aggregate grant date fair value in the applicable year for (a) RSUs granted under the 2005 Incentive Plan or the 2015 Incentive Plan and (b) performance shares granted under the PSP, as computed under FASB ASC Topic 718. It also includes the grant date fair value for any LTIP units granted in lieu of RSUs and/or PSP awards, as elected by the executive officer. In 2015, Mr. Connor elected to receive LTIP units in lieu of RSUs, Mr. Bremner elected to receive LTIP units in lieu of PSP awards, and Mr. Denien elected to receive LTIP units in lieu of both RSUs and PSP awards. The grant value for all such awards is equal to the fair market value of our stock as of the grant date. 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 2013, 2014 and 2015 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 2013. The 2013 PSP award

**Table of Contents**

vested as of December 31, 2015, and its payout value is also indicated in the table below for each named executive officer, with the exception of Mr. Denien.

	2013 PSP Awards			2014 PSP Awards		2015 PSP Awards	
	Grant Date Fair Value (\$)	Value Assuming Highest Level of Performance (\$)	Vesting Value as of 12/31/15 (\$)	Grant Date Fair Value (\$)	Value Assuming Highest Level of Performance (\$)	Grant Date Fair Value (\$)	Value Assuming Highest Level of Performance (\$)
Dennis D. Oklak	746,667	1,493,334	2,213,180	768,000	1,536,000	1,520,000	3,040,000
James B. Connor	200,000	400,000	592,842	255,000	510,000	517,500	1,035,000
Mark A. Denien				175,667	351,334	351,000 <sup>(b)</sup>	702,000
Steven R. Kennedy	137,500	275,000	407,549	140,833	281,667	217,500	435,000
James D. Bremner	162,500	325,000	481,667	192,500	385,000	296,250 <sup>(b)</sup>	592,500

- (a) Represents the value of PSP awards granted on February 10, 2013 that vested at the end of the performance period on December 31, 2015. The vesting value is higher than the value assuming the highest level of performance due to the value of dividend equivalent units earned on the PSP awards and the increase in stock price since the grant date. 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) Represents the grant date fair value of LTIP units awarded in lieu of PSP awards upon election by the executive officer. See the discussion of LTIP units awarded in lieu of PSP awards under the section entitled *Performance Share Awards* included in the discussion of long-term incentive awards in the CD&A.
- (5) 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.
- (6) All other compensation for 2015 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 and cell phone allowance of \$3,000 and \$600 each, respectively, for each named executive officer except Mr. Bremner whose automobile and phone allowances for 2015 were \$1,500 and \$300 respectively, (2) payments for personal financial planning services in the amount of \$13,250 each for Messrs. Connor, Oklak and Denien, and, (3) payments for executive medical examinations for Messrs. Connor, Denien and Kennedy. For Mr. Bremner, all other compensation for 2015 also includes compensation for serving as a consultant. On May 20, 2015, the Company, through Duke Realty Services Limited Partnership, an Indiana limited partnership that is a subsidiary of the Company, and BRE II, LLC, an Indiana limited liability company, of which Mr. Bremner is the sole member, entered into a Consulting Agreement. Pursuant to this Consulting Agreement, Mr. Bremner agreed to provide certain consulting services to the Duke Realty Services Limited Partnership through BRE II, LLC during the period commencing on July 1,



2015 and ending on June 30, 2016.

**Table of Contents****Grants of Plan-Based Awards in 2015**

The following table summarizes grants made to the named executive officers in 2015 under the Company's plan-based awards:

Name	Grant Date	Committee Approval Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards (2)			All Other Stock Awards: Number of Shares or Units (3)	Grant Date Fair Value of Stock and Option Awards (\$)
			Compensation Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
Dennis D. Oklak	2/10/15	1/28/15	608,850	1,107,000	2,103,300					
	2/10/15	1/28/15				35,832	71,664	143,328	71,664	1,520,000
James B. Connor	2/10/15	1/28/15	326,563	593,750	1,128,125	12,200	24,399	48,798	24,399	517,500
	2/10/15	1/28/15								517,500
Mark A. Denien	2/10/15	1/28/15	236,500	430,000	817,000	8,275	16,549	33,098	16,549	351,000
	2/10/15	1/28/15								351,000
Steven R. Kennedy	2/10/15	1/28/15	206,745	375,900	714,210	5,128	10,255	20,510	10,255	217,500
	2/10/15	1/28/15								217,500
James D. Bremner	2/10/15	1/28/15				6,984	13,967	27,934	13,967	296,250
	2/10/15	1/28/15								296,250

- (1) Represents the 2015 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 shares granted during 2015 under the PSP, or the number of limited partnership units in our operating partnership that could be earned under LTIP units granted in lieu of PSP awards. All of the performance share awards have a three-year performance measurement period. 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 2015 under the 2005 Incentive Plan or 2015 Incentive Plan, or the number of LTIP units granted in lieu of RSUs. See the description of the RSUs and LTIP units in the section entitled "RSUs" included in the discussion of long-term incentive awards in the CD&A.



**Table of Contents****Outstanding Equity Awards at 2015 Fiscal Year End**

The following table contains information concerning outstanding equity awards held by each of the named executive officers as of December 31, 2015:

Named Executive Officer	Option Awards					Stock Awards				
	Grant Date	Unexercised Options (#)	Underlying Securities Exercisable (#)	Exercise Price (\$)	Expiration Date	Not Vested (#)	Market Value of Shares or Units Granted That Have Not Vested (2)	Equity Incentive Plan Awards: Number of Unearned Shares or Other Rights That Have Not Vested (#) (3)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares or Other Rights That Have Not Vested (3)	
Dennis D. Oklak	2/10/06	106,015		33.93	2/10/16					
	2/10/07	86,987		47.68	2/10/17					
	2/10/08	330,594		23.14	2/10/18					
	2/10/11					15,702	330,060			
	2/10/12					42,418	891,636			
	2/10/13					62,728	1,318,544			
	2/10/14					82,624	1,736,764	103,422	2,173,930	
	2/10/15					74,917	1,574,752	149,869	3,150,246	
James B. Connor	2/10/11					4,326	90,939			
	2/10/12					10,212	214,662			
	2/10/13					16,802	353,173			
	2/10/14					27,434	576,670	34,339	721,806	
	2/10/15					24,399	512,867	51,025	1,072,546	
Mark A. Denien	2/10/11					1,569	32,991			
	2/10/12					3,090	64,942			
	2/10/13					3,933	82,678			
	5/10/13					2,181	45,842			
	2/10/14					18,899	397,252	23,656	497,249	
	2/10/15					16,549	347,860	34,460	724,349	
Steven R. Kennedy	2/10/06	25,109		33.93	2/10/16					
	2/10/07	25,092		47.68	2/10/17					
	2/10/08	74,384		23.14	2/10/18					
	2/10/11					4,579	96,258			
	2/10/12					9,117	191,648			

Edgar Filing: DUKE REALTY CORP - Form DEF 14A

	2/10/13	11,551	242,804		
	2/10/14	15,150	318,459	18,966	398,665
	2/10/15	10,720	225,344	21,446	450,795
James D. Bremner	2/10/11	5,234	110,028		
	2/10/12	10,099	212,271		
	2/10/13	13,652	286,956		
	2/10/14	20,710	435,326	25,923	544,901
	2/10/15	14,601	306,912	29,084	611,346

- (1) As of December 31, 2015, there were no unvested stock options. All unexercised stock options were granted under the 2005 Incentive Plan and vested and became exercisable in five equal annual installments beginning on the first anniversary of the grant date, subject to the holder's continued employment. The option exercise prices indicated above were adjusted for the Company's special dividend of \$0.20 per common share paid on December 15, 2015.
- (2) For Messrs. Oklak, Kennedy and Bremner, represents the number and market value of all outstanding RSUs granted pursuant to the 2005 Incentive Plan and 2015 Incentive Plan, including accumulated dividend equivalent RSUs. For Messrs. Connor and Denien, represents the number and market value of outstanding RSUs granted pursuant to the 2005 Incentive Plan for the years 2011 through 2014, including accumulated dividend equivalent RSUs. The dividend equivalent RSUs vest as they accrue but are paid out when the host award vests or, if the host award fails to vest and is forfeited, are paid out as soon as practical after such forfeiture, including any delay necessary to comply with Section 409A of the Code. For Messrs. Connor and Denien, the awards dated February 10, 2015 represent the number of LTIP units granted in

**Table of Contents**

lieu of RSUs pursuant to the executive's election. See pertinent details regarding LTIP units granted in lieu of RSUs, including cash distributions and certain other vesting requirements, in the section entitled "RSUs" included in the discussion of long-term incentive awards in the CD&A. In all cases, the market value indicated is based upon the closing price of the Company's common stock on December 31, 2015 of \$21.02 per share. The RSUs granted prior to January 2015 vest in five equal annual installments beginning on the first anniversary of the grant date, subject to the holder's continued employment. The RSUs and LTIP units granted beginning in January 2015 and after vest in three equal installments beginning on the first anniversary of the grant date, subject to the holder's continued employment and in the case of the LTIP units, subject to certain other vesting requirements.

- (3) Represents the number of shares that would be earned at the superior payout level, including dividend equivalent shares, for the awards granted in 2014 pursuant to the PSP for each executive officer and for the awards granted in 2015 for Messrs. Oklak, Connor and Kennedy. For Messrs. Denien and Bremner, and with regard to the LTIP units granted in 2015 in lieu of PSP awards, the amount represents the number of common units in Duke Realty Limited Partnership that would be earned at the superior payout level, plus additional LTIP units that would be earned in place of unpaid cash distributions. All such amounts are represented at a market value based upon the closing price of the Company's common stock on December 31, 2015 of \$21.02 per share. The PSP awards have a three-year performance measurement period. Further details regarding awards granted under the PSP, including LTIP units, are found under the section entitled "Performance Share Awards" included in the discussion of long-term incentive awards in the CD&A.

**Option Exercises and Stock Vested in 2015**

The following table shows the number of shares acquired and the value realized upon vesting in 2015 of (i) RSUs, including the value of dividend equivalents earned and vested in 2015 on all outstanding RSUs, (ii) performance shares granted in 2013 under the PSP, including the value of dividend equivalents earned and vested in 2015 with respect thereto, and/or (iii) dividend equivalents earned in 2015 on performance units previously vested under the 2000 Performance Share Plan, or 2000 PSP. The aggregate value of the shares acquired is based upon the fair market value of the Company's common stock on the vesting date. No options were exercised by the named executive officers in 2015.

Name	Stock Awards	
	Number of Shares Acquired on Vesting (#) (1)	Value Realized on Vesting (\$) (1)
Dennis D. Oklak	200,920	4,223,976 <sup>(a)</sup>
James B. Connor	55,367	1,165,100 <sup>(a)</sup>
Mark A. Denien	11,534	242,283
Steven R. Kennedy	42,270	888,878 <sup>(a)</sup>
James D. Bremner	48,989	1,031,222

- (a) Includes amounts attributable to the value of dividend equivalents earned in 2015 on performance units previously vested under the 2000 PSP for which receipt has been deferred as follows: Mr. Oklak, \$38,684; Mr. Connor, \$11,050; and Mr. Kennedy, \$19,337. These amounts are also included in the "Aggregate Earnings in the Last FY" column of the Nonqualified Deferred Compensation table. For a description of these dividend equivalents, see the description of the 2000 PSP under the heading, "Nonqualified Deferred Compensation for 2015."

(1) Includes the following number of shares acquired and value realized on vesting for the 2013 PSP:

<b>Name</b>	<b>Number of Shares Acquired on Vesting (#)</b>	<b>Value Realized on Vesting (\$)</b>
Dennis D. Oklak	105,289	2,213,180
James B. Connor	28,204	592,842
Mark A. Denien		
Steven R. Kennedy	19,389	407,549
James D. Bremner	22,915	481,667

**Nonqualified Deferred Compensation for 2015**

The named executive officers' nonqualified deferred compensation in 2015 consists of participation in one or both of the following plans: (1) the Executives' Deferred Compensation Plan, or DC Plan; and (2) the 2000

**Table of Contents**

PSP. The DC Plan continues in effect as the Company's primary nonqualified deferred compensation plan. Certain of the named executive officers have undistributed awards under the 2000 PSP, although no further awards will be made under such plan. The 2000 PSP constitutes a deferred compensation plan in the technical sense that outstanding vested awards may be paid out in a future year.

*Executives' Deferred Compensation Plan.* The Company does not make contributions to the DC Plan and does not guarantee any return on participant account balances. Executives are permitted to elect to defer up to 50% of base salary, 100% of annual cash incentive bonus and 100% of RSU and PSP awards. The Company has established an irrevocable rabbi trust to hold assets separate from other general corporate assets for the purpose of paying future participant obligations. The assets of the trust remain available to the general creditors of the Company. Participants are 100% vested in their deferrals and related earnings. Participants who retire on or after reaching age 50 will receive their DC Plan account balance, based upon their election, either, in full or by partial lump-sum payment, and/or by annual installments of two to 15 years. A participant who terminates employment other than by retirement, death or disability will receive the undistributed portion of the account balance in a lump-sum payment. In the event of a participant's death, the participant's designated beneficiary will receive the undistributed portion of the account balance in a lump-sum payment. A participant may also elect to receive some or all of a particular year's deferral and related earnings prior to retirement or termination of employment in the form of a lump-sum payment or in up to five annual installments. Subject to approval by the DC Plan administrator, in the event of an unforeseen financial emergency beyond the participant's control, a participant may request a withdrawal from his or her account up to the amount necessary to satisfy the emergency (provided the participant does not have the financial resources to otherwise meet the hardship).

*2000 Performance Share Plan.* Awards under the 2000 PSP were made in 2000 and 2004 in the form of performance units, all of which are now fully vested. The payment for vested awards is made in shares of common stock. However, vested awards are not paid until retirement or termination of employment, and thus are considered deferred compensation. Dividends are paid on the awards in cash or additional performance units, as previously elected by the participant.

The following table sets forth certain information as of December 31, 2015 regarding deferred compensation plans available to each of the named executive officers.

Name	Name of Plan	Executive	Registrant	Aggregate	Aggregate
		Contributions	Contributions in	Earnings	Withdrawals/Aggregate
		Last FY	Last FY	in Last FY	Distributions
		(\$ (1))	(\$)	(\$ (2))	(\$)
					at Last FYE
					(\$ (3))
Dennis D. Oklak	DC Plan			652,165	13,034,063
	2000 PSP			75,751	938,249
James B. Connor	DC Plan				
	2000 PSP			21,638	268,006
Mark. A. Denien	DC Plan				
	2000 PSP				
Steven R. Kennedy	DC Plan			2,419	339,501
	2000 PSP			37,866	469,010
James D. Bremner	DC Plan			30,496	981,708



2000 PSP

- (1) No executive officers deferred any of their salary, incentive bonus, or vesting RSU and PSP awards in 2015.
- (2) Aggregate earnings are not includable in the Summary Compensation Table because such earnings were not preferential or above-market.

**Table of Contents**

- (3) The aggregate balance at December 31, 2015 includes the following amounts of employee contributions representing compensation earned and deferred in prior years that was reported in the Summary Compensation Table for the year in which earned or would have been so reported if the officer had been a named executive officer in such year. Amounts in the following table include contributions to the DC Plan and the value of vested awards and dividend equivalents under the 2000 PSP.

<b>Name</b>	<b>Total (\$)</b>
Dennis D. Oklak	7,883,773
James B. Connor	208,511
Mark A. Denien	
Steven R. Kennedy	613,683
James D. Bremner	525,594

**Other Potential Post-Employment Payments**

The Company and each of its named executive officers have entered into letter agreements that provide for separation payments upon the termination of the officer's employment under various conditions. The level of severance pay depends upon the circumstances of the officer's termination of employment. For example, if the officer were terminated by the Company without cause and not in connection with a change in control of the Company (each of which terms are defined in the letter agreements), then the officer would be entitled to a severance payment equal to two times (2X) the sum of (a) his or her base salary in effect on the last day of the calendar year immediately preceding the calendar year in which termination occurs and (b) annual cash incentive bonus for services performed in the prior year, payable over a 24-month period. If the officer terminated his or her employment voluntarily, then the severance payment would equal one times (1X) his or her base salary in effect on the last day of the calendar year immediately preceding the calendar year in which termination occurs, payable over a 12-month period. If the officer were terminated for cause, then the severance payment would be \$10,000, payable over a two-month period. Regardless of the reason for termination of an officer's employment, that officer's right to the severance payments would stop if and when he or she violated any of the post-employment restrictive covenants in the agreement. The payments in the case of voluntary termination or termination for cause are solely consideration for the executive's post employment nonsolicitation and confidentiality covenants. Longer-term nonsolicitation covenants apply in the case of termination without cause or for good reason. The agreements with all of our named executive officers contain a sunset provision, which provides that, in the event the executive's employment terminates effective on or after his 62nd birthday under any one of the termination scenarios other than termination for good reason or upon a change of control, he will not be entitled to receive any separation benefits from the Company.

The letter agreements provide the highest severance payment (three times (3X) the sum of (a) base salary in effect on the last day of the calendar year immediately preceding the calendar year in which termination occurs and (b) annual cash incentive bonus for services performed in the prior year, payable over a 24-month period) in the case of the Company's termination of the executive's employment or the executive's resignation of employment for good reason (as defined in the severance agreements) within one year after a change in control of the Company. The letter agreements do not provide any excise tax gross-ups.

The following table shows the amounts that would be payable to each of the named executive officers under the letter agreements, with the exception of Messrs. Oklak and Bremner, under various termination scenarios using the applicable base salary and cash incentive bonus as if the termination occurred on December 31, 2015. The severance agreements do not include tax gross-up provisions, and all payments made to the executives would be net of applicable withholdings. As discussed earlier in the proxy statement Mr. Oklak retired from the position of Chief Executive Officer on December 31, 2015, and Mr. Bremner stepped down from the position of President, Healthcare

on June 30, 2015. Mr. Oklak did not receive any severance payments in connection with his retirement and, with the exception of severance payable upon a change in control as shown below, is not entitled to receive severance for his role as Executive Chairman. The disclosure in the table below only reflects

**Table of Contents**

actual severance amounts payable to Mr. Bremner in connection with his termination of employment because, as of December 31, 2015, Mr. Bremner was no longer entitled to receive benefits paid in connection with any other triggering event under his letter agreement.

Named Executive Officer	Termination by Company			Executive Leaves for Good Reason or Termination by Company following Change in Control
	Executive Leaves Voluntarily with No Change in Control (\$)	with Cause and with No Change in Control (\$)	with No Cause by Company For Cause (\$)	Change in Control (\$)
Dennis D. Oklak				7,543,380
James B. Connor	450,000	2,842,880	10,000	4,264,320
Mark A. Denien	390,000	1,954,100	10,000	2,931,150
Steven R. Kennedy	348,000	1,892,320	10,000	2,838,480
James D. Bremner		2,103,160		

**Change in Control Provisions Under Other Agreements**

The Company's long-term compensation plans, including the 2015 Incentive Plan, generally provide that a change in control occurs upon the occurrence of any of the following: (1) when the incumbent members of the Board cease to constitute a majority of the Board; (2) except in the case of certain issuances or redemptions of stock or the acquisition of stock by any employee benefit plan sponsored by the Company, when any person acquires a 25% or more ownership interest in the outstanding common stock or combined voting power of the then outstanding securities of the Company; (3) the consummation of a reorganization, merger, consolidation, statutory share exchange, or other corporate transaction, unless (a) the beneficial owners of the Company's stock immediately prior to the transaction continue to own 50% or more of the outstanding common stock and combined voting power of the then outstanding securities of the Company, (b) no person acquires a 25% or more ownership interest in the then outstanding common stock or combined voting power of the then outstanding securities of the Company, and (c) at least a majority of the members of the board of directors of the surviving corporation were incumbent directors at the time of approval of the corporate transaction; (4) the approval by the shareholders of the Company of a complete liquidation or dissolution; or (5) the Company's ownership interest in the Operating Partnership is reduced below 50%.

All awards granted under the PSP (which is a sub-plan of the 2015 Incentive Plan), all awards granted under the 2015 Incentive Plan and all other outstanding awards granted under the 2005 Incentive Plan after December 31, 2010, provide for "double trigger" change in control vesting, such that the effect of a change in control depends upon whether the award is assumed by the acquiring company. If awards are not assumed by the acquiring company, service-based awards vest in full upon the change in control and performance-based awards vest at the "target" level if the change in control occurs prior to the second anniversary of the beginning of the performance period. Such awards vest at the "actual" level if the change in control occurs on or after the second anniversary of the beginning of the performance period and prior to the end of the performance period, based on performance through the date of the change in control. If the awards are assumed by the acquiring company, similar accelerated vesting of awards is contingent on the grantee's involuntary termination without cause or for good reason within one year following the change in control.



**Table of Contents**

The following table shows the total additional value of the awards that would be payable to each of the named executive officers, with the exception of Mr. Bremner, under the accelerated vesting provisions of these plans upon the occurrence of a change in control as of December 31, 2015 and assuming that the acquiring company does not assume the awards. Unless indicated otherwise below, award values were determined at \$21.02 per share, the closing price of the Company's stock on December 31, 2015. The additional value of Mr. Bremner's awards payable in connection with his termination of employment is disclosed below under Retirement Provisions Under Other Agreements. While Mr. Oklak retired as Chief Executive Officer, effective December 31, 2015, Mr. Oklak continues as an employee of the Company in his role as Executive Chairman and is therefore included below.

<b>Named Executive Officer</b>	<b>RSUs (\$ (1))</b>	<b>PSP Award (\$ (2))</b>	<b>Total (\$)</b>
Dennis D. Oklak	5,322,327	2,662,096	7,984,423
James B. Connor	1,619,023	897,173	2,516,196
Mark A. Denien	912,058	610,804	1,522,862
Steven R. Kennedy	970,346	424,727	1,395,073

- (1) Represents the value of the unvested awards at December 31, 2015.
- (2) Represents awards granted in 2014 and 2015 under the PSP. The value of the awards granted in 2014 would be fixed at the target level in the event of a change in control prior to January 1, 2016, and the value of the awards granted in 2015 would be fixed at the target level in the event of a change in control prior to January 1, 2017. The above table assumes a change of control occurring on December 31, 2015, with the result that both the 2014 and 2015 awards would pay out at the target level.

**Retirement Provisions under Other Agreements**

Awards granted to named executive officers pursuant to the 2005 Incentive Plan and the 2015 Incentive Plan will continue to vest upon the executive's termination of employment, other than for cause, on or after reaching age 55, and provided that the sum of the executive's age and years of service to the Company totals at least 65 years (which is defined as retirement for purposes of the 2005 Incentive Plan and the 2015 Incentive Plan). Such awards are subject to the restrictive covenants in each executive's letter agreement regarding severance payments, previously described under the section Other Potential Post-Employment Payments. As of December 31, 2015, Messrs. Oklak, Connor and Kennedy were eligible for retirement under these provisions. The values represented above in the table under Change in Control Provisions Under Other Agreements also reflect the total value of the unvested awards that would remain eligible for continued vesting for each of these named executive officers under the provisions of these plans upon the occurrence of a retirement as of December 31, 2015 and assuming continuing compliance with the restrictive covenants. In connection with Mr. Bremner's termination of employment, and pursuant to the terms of the 2015 Incentive Plan, the total value of his unvested awards that remained eligible for continued vesting on June 30, 2015, assuming continued compliance with the restrictive covenants, was \$1,785,987. Such value was determined at \$18.57 per share, the closing price of the Company's stock on June 30, 2015. The unvested awards will continue to vest and payout pursuant to the retirement provisions of the 2015 Incentive Plan. In addition, as discussed in the CD&A, Mr. Bremner is providing consulting services to Duke Realty Services Limited Partnership during the period commencing on July 1, 2015 and ending on June 30, 2016. Mr. Bremner is providing these services through BRE II, LLC, an Indiana limited liability company of which he is the sole member. Pursuant to the Consulting Agreement between the Company and BRE II, LLC, consulting fees will be equal to \$8,333.34 per month during this period.

**Risk Assessment of Overall Compensation Program**

The Committee has reviewed with management the design and operation of our incentive compensation arrangements for all employees, including executive officers, for the purpose of determining whether such programs might encourage inappropriate risk-taking that would be reasonably likely to have a material adverse

**Table of Contents**

effect on the Company. Specifically, management compiled an inventory of all incentive compensation arrangements applicable to the Company's employees at all levels, which were then summarized for the Committee's independent compensation consultant. The consultant analyzed these arrangements in the context of potential high-risk design provisions and concluded that the program is well-designed overall not to encourage behaviors that would create a material risk for the Company. The consultant noted in particular the following program provisions that support this conclusion: (1) appropriate pay philosophy, peer group and market positioning to support business objectives, (2) an effective balance in cash and equity; short and longer-term performance focus; corporate, business unit and individual performance focus; and financial and non-financial performance measurement as well as the discretion of the Committee, and (3) meaningful risk mitigation features including stock ownership guidelines, the compensation recoupment policy and independent Committee oversight. Based on the independent review and findings of the consultant, the Committee concluded that the Company's compensation plans, programs and policies, considered as a whole, including applicable risk-mitigation features, are not reasonably likely to have a material adverse effect on the Company.

**Equity Compensation Plan Information**

The following table provides information as of December 31, 2015 about our common stock that may be issued, whether upon the exercise of options, warrants and rights or otherwise, under our existing equity compensation plans.

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (A)</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (\$ (B)</b>	<b>Weighted-Average Remaining Term of Outstanding Options, Warrants and Rights (C)</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (A)) (D)</b>
Equity compensation plans approved by shareholders	4,996,295	29.6687	1.51	7,536,094
Equity compensation plans not approved by shareholders (E)				
<b>Total</b>	<b>4,996,295</b>	<b>29.6687</b>	<b>1.51</b>	<b>7,536,094</b>

The number of options and full value awards granted and outstanding as of December 31, 2015, as indicated above, is from all plans.

(A) Includes shares of our common stock issuable pursuant to the exercise of stock options and conversion of full-value awards (i.e. RSUs and performance shares).



- (B) Because our full-value awards do not have an exercise price, the aggregate number of shares of common stock issuable pursuant to such awards, or 3,999,785 shares, is not included in the calculation of weighted average exercise price.
- (C) The average remaining term of all outstanding options is 1.51 years. Because vesting of our full-value awards is based upon time or Company performance, the remaining terms of full-value awards are excluded from this calculation.
- (D) Represents the number of remaining shares available for grant under the Company's 2015 Incentive Plan, all of which may be used for grants of either options or full-value awards.
- (E) All of the Company's equity plans have been approved by its shareholders.

**Table of Contents****OWNERSHIP OF COMPANY SHARES**

The following table sets forth the beneficial ownership of shares of common stock of the Company and common units of ownership in Duke Realty Limited Partnership, or the units, as of February 25, 2016 for:

each of our named executive officers;

each of our directors;

our current directors and executive officers as a group; and

each person or group known to us to be holding more than 5% of such common stock.

<b>Beneficial Owner</b>	<b>Shares and Units Beneficially Owned (1) (11)</b>	<b>Shares Issuable Upon Exercise of Stock Options (2)</b>	<b>Total</b>	<b>Percent of Class</b>
Dennis D. Oklak	163,922	417,581	581,503	*
James B. Connor (3)	106,730		106,730	*
Mark A. Denien (4)	38,706		38,706	*
Steven R. Kennedy (5)	57,233	99,476	156,709	*
James D. Bremner (6)	30,978		30,978	*
Thomas J. Baltimore, Jr.	58,049		58,049	*
William Cavanaugh III	44,401		44,401	*
Alan H. Cohen	33,657		33,657	*
Ngaire E. Cuneo	36,740		36,740	*
Charles R. Eitel	4,018		4,018	*
Martin C. Jischke, Ph.D.	2,626		2,626	*
Melanie R. Sabelhaus	21,460		21,460	*
Peter M. Scott, III	20,381		20,381	*
Jack R. Shaw	2,435		2,435	*
Michael E. Szymanczyk	24,155		24,155	*
Lynn C. Thurber	82,268		82,268	*
Robert J. Woodward Jr.	96,477		96,477	*
All directors and executive officers as a group (17 persons)	862,821	517,057	1,379,878	*
The Vanguard Group, Inc. (7)	49,552,237		49,552,237	14.3%
BlackRock, Inc. (8)	35,233,488		35,233,488	10.2%
Vanguard Specialized Funds Vanguard REIT Index Fund (9)	24,867,142		24,867,142	7.20%
FMR LLC (10)	35,147,713		35,147,713	10.2%

\* Less than one percent (1%)

- (1) The number of shares and units in this column represents the number of shares of common stock and/or units the person beneficially owns, as determined by the rules of the SEC, other than shares issuable upon the exercise of options that are currently vested or that will vest within 60 days of February 25, 2016. Unless otherwise indicated, each person listed in the table possesses sole voting and investment power with respect to the common shares reported in this column to be owned by such person.
- (2) Includes shares issuable upon the exercise of options that are currently vested or will vest within 60 days of February 25, 2016.
- (3) Includes 8,653 shares owned by family members and 8,133 units.
- (4) Includes 5,517 units.
- (5) Includes 1,545 shares owned by family members.
- (6) As required by SEC rules, Mr. Bremner is included in this table because he is identified in this proxy statement as a named executive officer, even though he was not an executive officer on February 25, 2016.

**Table of Contents**

- (7) The address of The Vanguard Group, Inc. is 100 Vanguard Blvd., Malvern, PA 19355. This information was obtained from Schedule 13G/A filed with the SEC. Total shares beneficially owned include 296,005 shares with shared voting power and 669,641 shares with shared dispositive power.
- (8) The address of BlackRock, Inc. is 55 East 52<sup>nd</sup> Street, New York, NY 10055. This information was obtained from Schedule 13G/A filed with the SEC.
- (9) The address of Vanguard Specialized Funds is 100 Vanguard Blvd., Malvern, PA 19355. This information was obtained from Schedule 13G/A filed with the SEC.
- (10) The address of FMR LLC is 245 Summer Street, Boston, MA 02210. This information was obtained from Schedule 13G/A filed with the SEC.
- (11) While not included in the table above, shares deferred into our Directors' Deferred Compensation Plan by members of the Board of Directors are considered to be shares owned for purposes of each director's target ownership requirement pursuant to the Company's Stock Ownership Guidelines, which are described on page 16. Shares owned by individual directors in the Directors' Deferred Compensation Plan are as follows:

<b>Name</b>	<b>Number of Deferred Shares</b>
William Cavanaugh III	100,722
Ngaire E. Cuneo	140,662
Charles R. Eitel	40,818
Martin C. Jischke	89,024
Peter M. Scott, III	14,276
Jack R. Shaw	68,914

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires the Company's directors and executive officers and persons who beneficially own more than 10% of the Company's common stock to file with the SEC initial reports of ownership and reports of changes in ownership of common stock, including derivatives of the Company's common stock. Officers, directors and greater-than-10%-beneficial owners are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, all Section 16(a) filing requirements applicable to its officers, directors and greater-than-10% beneficial owners were complied with during the year ended December 31, 2015.

**Table of Contents**

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

The Company's Code of Conduct requires that all associates, officers and directors avoid conflicts of interests that interfere with the performance of their duties or are not in the best interests of the Company. The Audit Committee reviews all material proposed transactions between the Company and related parties as specified under Item 404 of Regulation S-K promulgated by the SEC and examines each such transaction for potential conflicts of interests and other improprieties. The Audit Committee has not adopted any specific written procedures for conducting such reviews and considers each transaction in light of the specific facts and circumstances presented. The Company currently does not have any such transactions to report.

**Table of Contents**

**PROPOSAL THREE: RATIFICATION OF REAPPOINTMENT OF  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has selected KPMG as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2016 and has further directed that the selection of the independent registered public accounting firm be submitted for ratification by the shareholders at the Annual Meeting.

Representatives of KPMG will be present at the Annual Meeting, will have the opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

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 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 2016 will be deemed to be a discretionary matter and brokers will be permitted to vote uninstructed shares as to such matter; therefore, no broker non-votes are expected.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE RATIFICATION OF KPMG AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR 2016.**

**Table of Contents**

**SHAREHOLDER PROPOSALS FOR 2017 ANNUAL MEETING**

SEC rules establish the eligibility requirements and the procedures that must be followed for a shareholder's proposal to be included in the Company's proxy statement. Under those rules, any shareholder wishing to have a proposal considered for inclusion in the Company's proxy statement for the 2017 annual meeting, including a proposal to nominate a director nominee, must submit his or her proposal to the Company in writing on or before November 9, 2016, which is 120 calendar days prior to the anniversary of the date this Proxy Statement was released to shareholders. Proposals must comply with all applicable SEC rules. If a shareholder wishes to present a proposal at the 2017 annual meeting, whether or not the proposal is intended to be included in the 2017 proxy material, the Company's bylaws require that the shareholder give advance written notice to the Company's Corporate Secretary 120 days prior to the one year anniversary of the date when the proxy statement was released to shareholders in connection with the previous year's annual meeting, which for the 2017 annual meeting would be November 9, 2016. If a shareholder is permitted to present a proposal at the 2017 annual meeting, but the proposal was not included in the 2017 proxy material, the Company believes that its proxy holder would have the discretionary authority granted by the proxy card (and as permitted under SEC rules) to vote on the proposal if the proposal was received after January 23, 2017, which is 45 calendar days prior to the one-year anniversary of the mailing of this Proxy Statement.

**ANNUAL REPORT**

**A copy of the Company's 2015 Annual Report is available on the Internet as described in the Notice of Internet Availability of Proxy Materials. Additionally, a copy of the Company's 2015 Annual Report on Form 10-K for the fiscal year ended December 31, 2015 may be obtained, free of charge, by any shareholder by writing to Duke Realty Corporation, 600 East 96th Street, Suite 100, Indianapolis, Indiana 46240, Attention: Investor Relations. Our Annual Report on Form 10-K is also available and may be accessed free of charge through the Investor Relations section of our Internet website at <http://investor.dukerealty.com>.**

**OTHER MATTERS**

The Board of Directors knows of no other matters to be brought before this Annual Meeting. However, if other matters should properly come before the Annual Meeting, it is the intention of each person named in the proxy to vote such proxy in accordance with his or her judgment on such matters.

**HOUSEHOLDING OF PROXY MATERIAL**

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements with respect to two or more shareholders sharing the same address by delivering to that address a single proxy statement to those shareholders. This process, which is commonly referred to as householding, potentially provides extra convenience for shareholders and cost savings for companies. Some brokers household proxy materials, delivering a single proxy statement to multiple shareholders sharing an address unless contrary instructions have been received from the affected shareholders. Once you have received notice from your broker or us that they or we will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement, or if you are receiving multiple copies of the proxy statement and wish to receive only one copy, please notify your broker if your shares are held in a brokerage account, or notify us if you hold registered shares. You can notify us by sending a written request to Duke Realty Corporation, c/o Corporate Secretary, 600 East 96<sup>th</sup> Street, Suite 100, Indianapolis, Indiana 46240 or by calling our Investor Relations Department at (317) 808-6005.





**Table of Contents**

**IT IS IMPORTANT THAT PROXIES BE RETURNED PROMPTLY.** Whether or not you plan to attend the meeting, you are urged to vote your proxy.

Indianapolis, Indiana  
**March 9, 2016**

By order of the Board of Directors,

*/s/ Ann C. Dee*

Ann C. Dee  
Executive Vice President, General Counsel and Corporate  
Secretary

**Table of Contents**

**Table of Contents**

***DUKE REALTY CORPORATION***

***ATTN: INVESTOR RELATIONS***

***600 EAST 96TH STREET***

***SUITE 100***

***INDIANAPOLIS, IN 46240***

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information until 11:59 P.M. Eastern Time on April 26, 2016. Have your proxy card in hand when you access the website and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by the Company in mailing proxy materials, you may consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for such electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions until 11:59 P.M. Eastern Time on April 26, 2016. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

**VOTE IN PERSON**

If you would like to attend the annual meeting and vote in person, please contact the Company at 317-808-6005 for directions to the annual meeting. You are entitled to attend the annual meeting only if you were a shareholder as of the close of business on February 25, 2016 or hold a valid proxy for the annual meeting. You should be prepared to present photo identification for admittance. If you are not a shareholder of

record, but hold shares through a broker, trustee or nominee, you must provide proof of beneficial ownership as of the record date, such as your most recent account statement prior to February 25, 2016 or similar evidence of ownership. **If you do not provide photo identification and comply with the other procedures outlined above, you will not be admitted to the annual meeting.**

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

E00340-P72573-Z67101

KEEP THIS PORTION FOR YOUR RECORDS  
DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

**DUKE  
REALTY  
CORPORATION**

The Board of Directors  
recommends you vote

FOR the following proposals:

1. Election of Directors

**For    Against    Abstain**

1a. Thomas J. Baltimore, Jr.    ..    ..    ..

1b. William Cavanaugh, III    ..    ..    ..

1c. Alan H. Cohen    ..    ..    ..

1d. James B. Connor    ..    ..    ..

2. To vote on an advisory basis to approve the compensation of the Company's named executive officers for 2015 named executive officers for 2015    ..    ..    ..

3. To ratify the reappointment of KPMG LLP as the Company's independent registered public accountants for the fiscal year 2016    ..    ..    ..

1e. Ngaire  
E. Cuneo

1f. Charles  
R. Eitel

1g. Dennis  
D. Oklak

1h. Melanie  
R.  
Sabelhaus

1i. Peter  
M. Scott,  
III

1j. Jack  
R. Shaw

1k. Michael  
E.  
Szymanczyk

1l. Lynn  
C. Thurber

**NOTE:** The Board of Directors may transact such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

Please indicate if you plan to attend this meeting.

.. ..

**Yes No**

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]

Signature (Joint Owners)

Date



**Table of Contents**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**

The Annual Report to Shareholders, Form 10-K and Notice & Proxy Statement are available at

[www.proxyvote.com](http://www.proxyvote.com).

E00341-P72573-Z67101

**DUKE REALTY CORPORATION**

**Annual Meeting of Shareholders**

**April 27, 2016 3:00 PM**

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

The undersigned hereby appoints James B. Connor and Ann C. Dee, and each of them, attorneys-in-fact and proxies, with full power of substitution, to vote, as designated on the reverse side of this proxy, all shares of common stock of Duke Realty Corporation which the undersigned would be entitled to vote if personally present at the Annual Meeting of Shareholders to be held on April 27, 2016, at 3:00 p.m. local time, at the Conrad Indianapolis, 50 West Washington Street, Indianapolis, Indiana 46204, and at any adjournment or postponement thereof.

**This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is indicated, this proxy will be voted in accordance with the recommendations of the Board of Directors.**

**Continued and to be signed on reverse side.**