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

FORM 10-Q

(Mark One)

☒ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

for the quarterly period ended June 30, 2009

OR

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

for the transition period from _________ to _________

Commission file number 000-25739

PIEDMONT OFFICE REALTY TRUST, INC.

(Exact name of registrant as specified in its charter)

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

11695 Johns Creek Parkway
Ste. 350
Johns Creek, Georgia 30097
(Address of principal executive offices)
(Zip Code)

(770) 418-8800
(Registrant's telephone number, including area code)

N/A
(Former name, former address, and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Number of shares outstanding of the registrant's
only class of common stock, as of July 31, 2009: 472,373,109 shares

FORM 10-Q

PIEDMONT OFFICE REALTY TRUST, INC.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

- Lease terminations or lease defaults, particularly by one of Piedmont's larger tenants;
- The impact of competition on Piedmont's efforts to renew existing leases or re-let space on terms similar to existing leases;
- Changes in the economies and other conditions of the office market in general and of the specific markets in which Piedmont operates, particularly in Chicago, Washington, D.C., and the New York metropolitan area;
- Economic and regulatory changes, including accounting standards, that impact the real estate market generally;
- Potential development and construction delays and resultant increased costs and risks;
- The success of Piedmont's real estate strategies and investment objectives;
- Costs of complying with governmental laws and regulations;
- Uncertainties associated with environmental and other regulatory matters;
- Availability of financing and banks' ability to honor existing line of credit commitments;
- Piedmont's ability to continue to qualify as a REIT under the Internal Revenue Code of 1986, as amended; and
- Other factors, including the risk factors discussed under Item 1A. of this Form 10-Q and Piedmont's Annual Report on Form 10-K for the year ended December 31, 2008.

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

PART I. FINANCIAL STATEMENTS

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying financial statements should be read in conjunction with the notes to Piedmont's financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included in this report on Form 10-Q and with Piedmont's Annual Report on Form 10-K for the year ended December 31, 2008. Piedmont's results of operations for the three months and six months ended June 30, 2009 are not necessarily indicative of the operating results expected for the full year.

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

	(Unaudited) June 30, 2009	December 31, 2008
Assets:		
Real estate assets, at cost:		
Land	**$ 659,637**	$ 659,637
Buildings and improvements, less accumulated depreciation of $615,665 and $564,940 as of June 30, 2009 and December 31, 2008, respectively	**3,060,760**	3,098,657
Intangible lease assets, less accumulated amortization of $170,460 and $154,997 as of June 30, 2009 and December 31, 2008, respectively	**113,832**	130,517
Construction in progress	**16,396**	19,259
Total real estate assets	**3,850,625**	3,908,070
Investments in unconsolidated joint ventures	**47,408**	48,240
Cash and cash equivalents	**17,529**	20,333
Tenant receivables, net of allowance for doubtful accounts of $925 and $969 as of June 30, 2009 and December 31, 2008, respectively	**123,191**	126,407
Notes receivable	**57,990**	46,914
Due from unconsolidated joint ventures	**1,198**	1,067
Prepaid expenses and other assets	**20,448**	21,788
Goodwill	**180,097**	180,390
Deferred financing costs, less accumulated amortization of $7,892 and $6,499 as of June 30, 2009 and December 31, 2008, respectively	**8,547**	9,897
Deferred lease costs, less accumulated amortization of $126,053 and $110,967 as of June 30, 2009 and December 31, 2008, respectively	**187,451**	194,224
Total assets	**$4,494,484**	$4,557,330
Liabilities:		
Line of credit and notes payable	**$1,560,525**	$1,523,625
Accounts payable, accrued expenses, and accrued capital expenditures	**98,803**	111,411
Deferred income	**28,412**	24,920
Intangible lease liabilities, less accumulated amortization of $69,940 and $63,886 as of June 30, 2009 and December 31, 2008, respectively	**67,143**	73,196
Interest rate swap	**6,865**	8,957
Total liabilities	**1,761,748**	1,742,109
Commitments and Contingencies	**—**	—
Redeemable Common Stock	**52,230**	112,927
Stockholders' Equity:		
Common stock, $.01 par value; 900,000,000 shares authorized; 473,002,902 shares issued and outstanding as of June 30, 2009; and 478,900,699 shares issued and outstanding at December 31, 2008	**4,730**	4,789
Additional paid-in capital	**3,446,336**	3,488,461
Cumulative distributions in excess of earnings	**(716,949)**	(674,326)
Redeemable common stock	**(52,230)**	(112,927)
Other comprehensive loss	**(6,865)**	(8,957)
Piedmont stockholders' equity	**2,675,022**	2,697,040
Noncontrolling interest	**5,484**	5,254
Total stockholders' equity	**2,680,506**	2,702,294
Total liabilities, redeemable common stock, and stockholders' equity	**$4,494,484**	$4,557,330

See accompanying notes

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

	(Unaudited) Three Months Ended June 30,		(Unaudited) Six Months Ended June 30,	
	2009	2008	2009	2008
Revenues:				
Rental income	**$ 111,994**	$ 113,903	**$ 224,941**	$ 228,313
Tenant reimbursements	**36,059**	36,578	**76,164**	75,733
Property management fee revenue	**744**	883	**1,441**	1,636
Other rental income	**782**	797	**781**	5,572
	149,579	152,161	**303,327**	311,254
Expenses:				
Property operating costs	**54,552**	55,401	**113,746**	112,691
Asset and property management fees	**511**	455	**981**	956
Depreciation	**26,561**	24,431	**52,190**	48,500
Amortization	**13,695**	15,595	**27,136**	32,128
General and administrative	**8,818**	9,168	**16,657**	16,316
	104,137	105,050	**210,710**	210,591
Real estate operating income	**45,442**	47,111	**92,617**	100,663
Other income (expense):				
Interest expense	**(17,465)**	(18,056)	**(34,924)**	(35,362)
Interest and other income	**1,294**	1,119	**1,954**	1,778
Equity in income of unconsolidated joint ventures	**753**	464	**1,417**	1,076
Loss on interest rate swap	**(1,928)**	(27)	**(3,812)**	(27)
	(17,346)	(16,500)	**(35,365)**	(32,535)
Income from continuing operations	**28,096**	30,611	**57,252**	68,128
Discontinued operations:				
Operating Income	**—**	1	**—**	10
Income from discontinued operations	**—**	1	**—**	10
Net income	**28,096**	30,612	**57,252**	68,138
Less: Net income attributable to noncontrolling interest	**(120)**	(142)	**(238)**	(306)
Net income attributable to Piedmont	**$ 27,976**	$ 30,470	**$ 57,014**	$ 67,832
Per share information – basic:				
Income from continuing operations	**$ 0.06**	$ 0.06	**$ 0.12**	$ 0.14
Income from discontinued operations	**$ 0.00**	$ 0.00	**$ 0.00**	$ 0.00
Income attributable to noncontrolling interest	**$ 0.00**	$ 0.00	**$ 0.00**	$ 0.00
Net income available to common stockholders	**$ 0.06**	$ 0.06	**$ 0.12**	$ 0.14
Per share information – diluted:				
Income from continuing operations	**$ 0.06**	$ 0.06	**$ 0.12**	$ 0.14
Income from discontinued operations	**$ 0.00**	$ 0.00	**$ 0.00**	$ 0.00
Income attributable to noncontrolling interest	**$ 0.00**	$ 0.00	**$ 0.00**	$ 0.00
Net income available to common stockholders	**$ 0.06**	$ 0.06	**$ 0.12**	$ 0.14
Weighted-average common shares outstanding – basic	**474,566,162**	479,400,829	**476,828,426**	482,649,202
Weighted-average common shares outstanding – diluted	**474,911,608**	479,687,981	**477,140,948**	482,896,359

See accompanying notes.

PIEDMONT OFFICE REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2008
AND FOR THE SIX MONTHS ENDED JUNE 30, 2009 (UNAUDITED)
(in thousands, except per share amounts)

	Common Stock			Cumulative				
	Shares	Amount	Additional Paid-In Capital	Distributions in Excess of Earnings	Redeemable Common Stock	Other Comprehensive Income (Loss)	Noncontrolling Interest	Total Stockholders' Equity
Balance, December 31, 2007	488,974	$ 4,890	$3,568,801	$ (526,337)	$ (166,809)	—	$ 6,546	$ 2,887,091
Issuance of common stock	17,085	170	143,002	—	—	—	—	143,172
Redemptions of common stock	(27,422)	(274)	(229,530)	—	—	—	—	(229,804)
Redeemable common stock	—	—	—	—	53,882	—	—	53,882
Dividends ($0.5868 per share)	—	—	—	(279,303)	—	—	(115)	(279,418)
Premium on stock sales	—	—	2,725	—	—	—	—	2,725
Incremental purchase of 35 W. Wacker Building	—	—	—	—	—	—	(1,723)	(1,723)
Shares issued under the 2007 Omnibus Incentive Plan, net of tax	264	3	3,463	—	—	—	—	3,466
Net income attributable to noncontrolling interest	—	—	—	—	—	—	546	546
Components of comprehensive income:								
Net income	—	—	—	131,314	—	—	—	131,314
Change in value of interest rate swap	—	—	—	—	—	(8,957)	—	(8,957)
Comprehensive income								122,357
Balance, December 31, 2008	478,901	4,789	3,488,461	(674,326)	(112,927)	(8,957)	5,254	2,702,294
Issuance of common stock	**6,578**	**66**	**55,057**	—	—	—	—	**55,123**
Redemptions of common stock	**(12,789)**	**(128)**	**(107,043)**	—	—	—	—	**(107,171)**
Redeemable common stock	—	—	—	—	**60,697**	—	—	**60,697**
Dividends ($0.2100 per share)	—	—	—	**(99,637)**	—	—	**(8)**	**(99,645)**
Discount on stock sales	—	—	**8,641**	—	—	—	—	**8,641**
Shares issued under the 2007 Omnibus Incentive Plan, net of tax	**313**	**3**	**1,220**	—	—	—	—	**1,223**
Net income attributable to noncontrolling interest	—	—	—	—	—	—	**238**	**238**
Components of comprehensive income:								
Net income	—	—	—	**57,014**	—	—	—	**57,014**
Change in value of interest rate swap	—	—	—	—	—	**2,092**	—	**2,092**
Comprehensive income								**59,106**
Balance, June 30, 2009	**473,003**	**$ 4,730**	**$3,446,336**	**$ (716,949)**	**$ (52,230)**	**$ (6,865)**	**$ 5,484**	**$ 2,680,506**

See accompanying notes.

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

	(Unaudited) Six months ended June 30, 2009	2008
Cash Flows from Operating Activities:		
Net income	**$ 57,252**	$ 68,138
Operating distributions received from unconsolidated joint ventures	**2,175**	2,461
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	**52,190**	48,500
Other amortization	**26,721**	32,183
Amortization of deferred financing costs and fair market value adjustments on notes payable	**1,394**	575
Accretion of notes receivable discount	**(1,293)**	(302)
Stock compensation expense	**1,535**	2,358
Equity in income of unconsolidated joint ventures	**(1,417)**	(1,076)
Changes in assets and liabilities:		
Decrease in tenant receivables, net	**3,381**	1,405
Increase in prepaid expenses and other assets	**(4,478)**	(4,833)
(Decrease) increase in accounts payable and accrued expenses	**(1,362)**	4,467
Increase (decrease) in deferred income	**3,492**	(3,863)
Net cash provided by operating activities	**139,590**	150,013
Cash Flows from Investing Activities:		
Investment in real estate and earnest money paid	**(16,245)**	(99,659)
Investment in internalization costs – goodwill	**—**	(19)
Investment in mezzanine debt	**(10,000)**	(45,643)
Investment in unconsolidated joint ventures	**(57)**	—
Investment in corporate tenant improvements	**(88)**	—
Deferred lease costs paid	**(9,789)**	(15,311)
Net cash used in investing activities	**(36,179)**	(160,632)
Cash Flows from Financing Activities:		
Deferred financing costs paid	**(43)**	(2,017)
Proceeds from line of credit and notes payable	**146,000**	580,500
Repayments of line of credit and notes payable	**(109,100)**	(271,509)
Issuance of common stock	**46,474**	72,471
Redemptions of common stock	**(89,901)**	(157,601)
Dividends paid	**(99,645)**	(140,485)
Net cash (used in) provided by financing activities	**(106,215)**	81,359
Net (decrease) increase in cash and cash equivalents	**(2,804)**	70,740
Cash and cash equivalents, beginning of period	**20,333**	65,016
Cash and cash equivalents, end of period	**$ 17,529**	$ 135,756

See accompanying notes.

PIEDMONT OFFICE REALTY TRUST, INC.
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009
(unaudited)

1. Organization

Piedmont Office Realty Trust, Inc. ("Piedmont") is a Maryland corporation that operates in a manner so as to qualify as a real estate investment trust ("REIT") for federal income tax purposes and engages in the acquisition and ownership of commercial real estate properties throughout the United States, including properties that are under construction, are newly constructed, or have operating histories. Piedmont was incorporated in 1997 and commenced operations on June 5, 1998. Piedmont conducts business primarily through Piedmont Operating Partnership, LP ("Piedmont OP"), a Delaware limited partnership, as well as performing the management of its buildings through two wholly-owned subsidiaries, Piedmont Government Services, LLC and Piedmont Office Management, LLC. Piedmont is the sole general partner and possesses full legal control and authority over the operations of Piedmont OP. Piedmont OP owns a majority of its properties directly, through wholly owned subsidiaries, and a limited number through joint ventures with real estate limited partnerships with other third parties. References to Piedmont herein shall include Piedmont and all of its subsidiaries, including Piedmont OP, its subsidiaries, and consolidated joint ventures.

As of June 30, 2009, Piedmont owned interests in 84 buildings, either directly or through joint ventures, which are located in 22 states and the District of Columbia. Piedmont's wholly-owned buildings comprise approximately 21 million square feet, primarily of commercial office space, and are approximately 90% leased.

Since its inception, Piedmont has:

(1) completed four public offerings of common stock for sale at $10 per share which closed on July 25, 2004;

(2) registered an additional 100 million shares of common stock for issuance pursuant to its dividend reinvestment plan (the "DRP") under a Registration Statement effective April 5, 2004; and

(3) registered 14 million shares of common stock for issuance under its 2007 Omnibus Incentive Plan effective April 30, 2007.

The combined proceeds from such offerings are approximately $5.7 billion. From these proceeds, Piedmont has paid costs related to the offerings of (1) approximately $171.1 million in acquisition and advisory fees and reimbursements of acquisition expenses; (2) approximately $451.7 million in commissions and discounts on stock sales and related dealer-manager fees; and (3) approximately $62.7 million in organization and other offering costs. In addition, since inception, Piedmont has used approximately $976.3 million to redeem shares pursuant to Piedmont's share redemption program or to repurchase shares. The remaining net offering proceeds of approximately $4.1 billion are invested in real estate.

Although Piedmont qualifies as a "public company" under the Securities Exchange Act of 1934, Piedmont's stock is not listed or actively traded on a national exchange. As such, Piedmont's charter requires Piedmont to announce a plan of orderly liquidation or a liquidity event to its stockholders by July 30, 2009 (the "Liquidation Date"), unless the board of directors, at its sole discretion, further extends the Liquidation Date from July 30, 2009 to January 30, 2011. On July 21, 2009, the board of directors unanimously determined to extend the Liquidation Date to January 30, 2011.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of Piedmont have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the "SEC"), including the instructions to Form 10-Q and Article 10 of Regulation S-X, and do not include all of the information and footnotes required by U.S. generally accepted accounting principles ("GAAP") for complete financial statements. In the opinion of management, the statements for the unaudited interim periods presented include all adjustments, which are of a normal and recurring nature, necessary for a fair presentation of the results for such periods. Results for these interim periods are not necessarily indicative of a full year's results. Piedmont's consolidated financial statements include the accounts of Piedmont, Piedmont OP, and certain entities in which Piedmont or Piedmont OP has a controlling financial interest. For further information, refer to the financial statements and footnotes included in Piedmont's Annual Report on Form 10-K for the year ended December 31, 2008.

Further, Piedmont has formed numerous special purpose entities to acquire and hold real estate including the entities listed on Exhibit 21 (List of Subsidiaries of the Company) to Piedmont's Annual Report on Form 10-K for the year ended December 31, 2008. Each special purpose entity is a separate legal entity and is the sole owner of its assets and liabilities. The assets of the special purpose entities are not available to pay, or otherwise satisfy obligations to, the creditors of any owner or affiliate of the special purpose entity, except to the extent that any such assets may be made available by any such special purpose entity pursuant to Piedmont's cash management system. The assets owned by these special purpose entities are being reported on a consolidated basis with Piedmont's assets for financial reporting purposes only.

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Redeemable Common Stock

Subject to certain limitations, shares of Piedmont's common stock are contingently redeemable at the option of the stockholder. Such limitations include, but are not limited to, the following: (i) during any calendar year Piedmont may not redeem in excess of 5% of the weighted-average common shares outstanding during the prior calendar year; and (ii) in no event shall the life-to-date aggregate amount paid for redemptions under the Piedmont share redemption program exceed the aggregate amount of proceeds received from the sale of shares pursuant to the DRP. In addition, the board of directors has limited the dollar amount of shares that may be redeemed for the year ending December 31, 2009 to the estimated proceeds from the dividend reinvestment plan anticipated to be received during 2009 (approximately $100.0 million). Accordingly, Piedmont has recorded redeemable common stock equal to the aggregate fund-to-date amount of proceeds received under the DRP, less the aggregate fund-to-date amount incurred to redeem shares under Piedmont's share redemption program of approximately $52.2 million and $112.9 million as of June 30, 2009 and December 31, 2008, respectively. Further, upon being tendered for redemption by the holder, Piedmont reclassifies redeemable common shares from mezzanine equity to a liability at settlement value.

Income Taxes

Piedmont has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), and has operated as such, beginning with its taxable year ended December 31, 1998. To qualify as a REIT, Piedmont must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of its annual REIT taxable income. As a REIT, Piedmont is generally not subject to federal income taxes. Accordingly, neither a provision nor a benefit for federal income taxes has been made in the accompanying consolidated financial statements. Piedmont is subject to certain state and local taxes related to the operations of properties in certain locations, which have been provided for in the consolidated financial statements.

Recent Accounting Pronouncements

In June 2009, the FASB issued Statement of Financial Account Standards ("SFAS") No. 166, *Accounting for Transfers of Financial Assets – an amendment of FASB Statement No. 140* ("SFAS 166"). SFAS 166 amends FASB Statement No. 140 to remove the concept of a qualifying special-purpose entity, as well as clarifying derecognition of transferred financial assets. SFAS 166 is effective for annual periods beginning after November 15, 2009, with early adoption prohibited. Piedmont does not expect the provisions of SFAS 166 to have a material effect on its consolidated financial statements.

In June 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)* ("SFAS 167"). SFAS 167 amends FASB Interpretation No. 46(R) ("FIN 46(R))" to require entities to perform ongoing assessments of whether an enterprise is the primary beneficiary of a variable interest entity ("VIE"), as opposed to FIN 46(R) which required reconsideration only when specific events occurred. Additionally, SFAS 167 revises certain guidance in FIN 46(R) for determining whether an entity is a VIE. SFAS 167 is effective for annual periods beginning after November 15, 2009, with early adoption prohibited. Piedmont will continue to assess the provisions and evaluate the financial impact of SFAS 167 on its consolidated financial statements.

3. Notes Receivable

Notes receivable as of June 30, 2009 and December 31, 2008 consist of the following (in thousands):

	June 30, 2009	December 31, 2008
Investments in mezzanine debt	**$57,757**	$ 46,461
Note receivable from tenant	**233**	453
Notes receivable	**$57,990**	$ 46,914

Piedmont recognized interest income for its two investments in mezzanine debt of approximately $1.3 million and $0.8 million for the three months ended June 30, 2009 and 2008, respectively, and $1.9 million and $0.9 million for the six months ended June 30, 2009 and 2008, respectively. Piedmont's maximum exposure to loss as a result of its investment in mezzanine debt is approximately $57.8 million as of June 30, 2009. See Note 6 below for a description of Piedmont's estimated fair value of investments in mezzanine debt as of June 30, 2009.

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4. Line of Credit and Notes Payable

As of June 30, 2009 and December 31, 2008, Piedmont had a line of credit and notes payable outstanding as follows (in thousands):

Facility	Fixed-rate (F) or Variable rate (V)	Rate [1]	Term Debt (T) Revolving (R)	Maturity	Amount Outstanding as of June 30, 2009	Amount Outstanding as of December 31, 2008
Secured Pooled Facility	F	4.84%	T	6/7/2014	**$ 350,000**	$ 350,000
Aon Center Chicago Mortgage Note	F	4.87%	T	5/1/2014	**200,000**	200,000
Aon Center Chicago Mortgage Note	F	5.70%	T	5/1/2014	**25,000**	25,000
$125.0 Million Fixed-Rate Loan	F	5.50%	T	4/1/2016	**125,000**	125,000
35 W. Wacker Building Mortgage Note	F	5.10%	T	1/1/2014	**120,000**	120,000
WDC Mortgage Notes	F	5.76%	T	11/1/2017	**140,000**	140,000
$105.0 Million Fixed-Rate Loan	F	5.29%	T	5/11/2015	**105,000**	105,000
$45.0 Million Fixed-Rate Loan	F	5.20%	T	6/1/2012	**45,000**	45,000
$42.5 Million Fixed-Rate Loan	F	5.70%	T	10/11/2016	**42,525**	42,525
$250 Million Unsecured Term Loan	V[2]	LIBOR + 1.50%[2]	T	6/28/2010[4]	**250,000**	250,000
$500 Million Unsecured Facility	V	1.27% [3]	R	8/30/2011[5]	**158,000**	121,100
Total indebtedness					**$1,560,525**	$1,523,625

[1] All of Piedmont's outstanding debt as of June 30, 2009 and December 31, 2008 is interest-only debt.

[2] The $250 Million Unsecured Term Loan has a stated variable rate; however, Piedmont entered into an interest rate swap agreement which effectively fixes the rate on this loan to 4.97%.

[3] Rate is equal to the weighted-average interest rate on all outstanding draws as of June 30, 2009. Piedmont may select from multiple interest rate options with each draw, including the prime rate and various length LIBOR locks. All selections are subject to an additional spread (0.475% as of June 30, 2009) over the selected rate based on Piedmont's current credit rating.

[4] Piedmont may extend the term for one additional year provided Piedmont is not then in default and upon the payment of a 25 basis point extension fee.

[5] Piedmont may extend the term for one additional year provided Piedmont is not then in default and upon the payment of a 15 basis point extension fee.

During the six months ended June 30, 2009, Piedmont's net borrowings under its $500 Million Unsecured Facility totaled approximately $36.9 million. Piedmont made interest payments on all debt facilities totaling approximately $16.7 million and $17.7 million for the three months ended June 30, 2009 and 2008, respectively, and $33.1 million and $34.0 million for the six months ended June 30, 2009 and 2008, respectively. Piedmont had no capitalized interest for the six months ended June 30, 2009 or 2008. See Note 6 below for a description of Piedmont's estimated fair value of debt as of June 30, 2009.

5. Derivative Instrument

Risk Management Objective of Using Derivatives

Piedmont is exposed to certain risks arising from both its business operations and economic conditions. Piedmont principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. Piedmont manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its debt funding and the use of derivative financial instruments. Specifically, Piedmont enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. Piedmont's derivative financial instrument is used to manage differences in the amount, timing, and duration of Piedmont's known or expected cash receipts and its known or expected cash payments principally related to Piedmont's investments and borrowings.

Cash Flow Hedges of Interest Rate Risk

Piedmont's objective in using interest rate derivatives is to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, Piedmont currently uses an interest rate swap as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges, which account for Piedmont's only swap derivative, involve the receipt of variable-rate amounts from a counterparty in exchange for Piedmont making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

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The effective portion of changes in the fair value of derivatives designated as, and that qualify as, cash flow hedges is recorded in Other Comprehensive Income and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. During the six months ended June 30, 2009, Piedmont's interest rate swap agreement was used to hedge the variable cash flows associated with the $250 Million Unsecured Term Loan, and such agreement expires at the maturity of the loan. No hedge ineffectiveness on Piedmont's cash flow hedge was recognized during the six months ending June 30, 2009.

Amounts reported in accumulated other comprehensive income related to Piedmont's derivative will be reclassified to interest expense as interest payments are made on Piedmont's variable-rate debt (the $250 Million Unsecured Term Loan). Based on projections of future LIBOR rates, Piedmont estimates that an additional $6.98 million will be reclassified from accumulated other comprehensive income as an increase to interest expense during the twelve months ending June 30, 2010.

As of June 30, 2009, Piedmont had the following outstanding interest rate derivative under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* ("SFAS 133") that was designated as a cash flow hedge of interest rate risk:

Interest Rate Derivative	Notional Amount
Interest Rate Swap	$250,000,000

The table below presents the fair value of Piedmont's derivative financial instrument as well as its classification on the accompanying consolidated balance sheets as of June 30, 2009 (in thousands):

	Fair Value of Derivative Instrument			
	Asset Derivative As of June 30, 2009		Liability Derivative As of June 30, 2009	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments under SFAS 133:				
Interest rate swap	Other assets	$—	Other liabilities	$6,865
Total derivatives designated as hedging instruments under SFAS 133		$—		$6,865

The tables below present the effect of Piedmont's derivative financial instrument on the accompanying consolidated statement of income for the three months ended June 30, 2009 (in thousands):

Derivative in SFAS 133 Cash Flow Hedging Relationships	Amount of Loss Recognized in OCI on Derivative (Effective Portion)	Location of Loss Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Loss Reclassified from Accumulated OCI into Income (Effective Portion)	Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)
Interest Rate Swap	$ 663	Other income / (expense)	$ (1,928)	Other income / (expense)	$ 0
Total	$ 663		$ (1,928)		$ 0

The tables below present the effect of Piedmont's derivative financial instrument on the accompanying consolidated statement of income for the six months ended June 30, 2009 (in thousands):

Derivative in SFAS 133 Cash Flow Hedging Relationships	Amount of Loss Recognized in OCI on Derivative (Effective Portion)	Location of Loss Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Loss Reclassified from Accumulated OCI into Income (Effective Portion)	Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)
Interest Rate Swap	$ 1,721	Other income / (expense)	$ (3,812)	Other income / (expense)	$ 0
Total	$ 1,721		$ (3,812)		$ 0

Credit-risk-related Contingent Features

Piedmont has an agreement with its derivative counterparty that contains a provision where if Piedmont defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then Piedmont could also be declared in default on its derivative obligation.

As of June 30, 2009, the fair value of the derivative in a liability position related to this agreement was approximately $6.9 million. If Piedmont breached any of the contractual provisions of the derivative contract, it would be required to settle its obligation under the agreement at its termination value of the fair value plus accrued interest, or approximately $7.0 million.

6. Fair Value Measurements

Piedmont considers its cash, accounts receivable, notes receivable, accounts payable, interest rate swap agreement, and lines of credit and notes payable to meet the definition of financial instruments. As of June 30, 2009, the carrying value of cash, accounts receivable, notes receivable from tenants to fund certain expenditures related to the property, and accounts payable approximated fair value. Piedmont estimates the fair value of its lines of credit and notes payable to be $1.4 billion as of June 30, 2009. The estimated fair value of Piedmont's investments in mezzanine debt, a component of notes receivable in its accompanying consolidated balance sheet, is approximately $40.4 million as of June 30, 2009. Such value was derived based on the estimated fair value of Piedmont's original investment in mezzanine debt as of December 31, 2008, as well as Piedmont's second investment in mezzanine debt (on a cost basis) in first quarter 2009. The estimated fair value of such investments is highly dependent upon the underlying characteristics of each specific real estate asset and existing capital structure securing each note receivable. The valuation of Piedmont's original investment in mezzanine debt, which was performed as of December 31, 2008, used the pricing negotiated on the second investment in mezzanine debt that closed in March 2009. Given the limited amount of relevant current transactional activity, more recent market comparables are not available for further update of this estimate.

Piedmont's financial liability carried at fair value as of June 30, 2009 is classified in the table below in one of the three categories as defined by SFAS No. 157, *Fair Value Measurements* ("SFAS 157").

	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2009
Liabilities				
Derivative financial instrument	$ —	$ 6,865	$ —	$ 6,865

Derivative Financial Instrument

Piedmont's interest rate swap has been designated as a hedge of the variability in expected future cash flows on the $250 Million Unsecured Term Loan. As further discussed above in Note 5, Piedmont's objective in using this interest rate derivative is to add stability to interest expense and to manage its exposure to interest rate movements or other identified risks that currently exist. The valuation of this instrument is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of this derivative. This analysis reflects the contractual terms of the derivative, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities.

In addition to the computations previously described, Piedmont considered both its own and the respective counterparty's risk of non-performance in determining the fair value of its derivative financial instrument. To do this, Piedmont estimated the total expected exposure under the derivative financial instrument, consisting of the current exposure and the potential future exposure that both Piedmont and the counterparty to the interest rate swap agreement were at risk to as of the valuation date. The total expected exposure was then discounted using discount factors that contemplate the credit risk of Piedmont and the counterparty to arrive at a credit

charge. This credit charge was then netted against the fair value of the derivative financial instrument computed based on Piedmont's prior methodology to arrive at an estimate of fair value based on the framework presented in SFAS 157. As of June 30, 2009, the credit valuation adjustment did not comprise a material portion of the fair value of the derivative financial instrument.

As of June 30, 2009, Piedmont believes that any unobservable inputs used to determine the fair value of its derivative financial instrument are not significant to the fair value measurement in its entirety, and therefore Piedmont does not consider its derivative financial instrument to be considered a Level 3 Liability.

7. Supplemental Disclosures of Noncash Investing and Financing Activities

Outlined below are significant noncash investing and financing activities for the six months ended June 30, 2009 and 2008 (in thousands):

	Six months ended June 30, (in thousands)	
	2009	**2008**
Reduction in goodwill related to return of common stock used to acquire Piedmont's former advisor	**$ (293)**	$ —
Accrued redemptions of common stock	**$ —**	$ (22,819)
Accrued capital expenditures and deferred lease costs	**$ 664**	$ 3,848
Discounts applied to issuance of common stock, net of return of common stock used to acquire Piedmont's former advisor	**$ (8,649)**	$ 619
Discounts reduced as a result of redemptions and purchases of common stock	**$ 17,270**	$ 1,401
Redeemable common stock	**$(60,697)**	$109,327

8. Commitments and Contingencies

Commitments Under Existing Lease Agreements

Certain lease agreements include provisions that, at the option of the tenant, may obligate Piedmont to provide funding for capital improvements. Under its existing lease agreements, Piedmont may be required to fund significant tenant improvements, leasing commissions, and building improvements. In addition, certain lease agreements contain provisions that require Piedmont to issue corporate guarantees to provide funding for such capital improvements.

Contingencies Related to Tenant Audits

Certain lease agreements include provisions that grant tenants the right to engage independent auditors to audit their annual operating expense reconciliations. Such audits may result in the re-interpretation of language in the lease agreements which could result in the refund of previously recognized tenant reimbursement revenues, resulting in financial loss to Piedmont.

Assertion of Legal Action

In Re Wells Real Estate Investment Trust, Inc. Securities Litigation, Civil Action No. 1:07-cv-00862-CAP **(Upon motions to dismiss filed by defendants, parts of all seven counts were dismissed by the court. Counts III through VII were dismissed in their entirety. A motion for class certification has been filed and the parties are engaged in discovery.)**

On March 12, 2007, a stockholder filed a purported class action and derivative complaint in the United States District Court for the District of Maryland against, among others, Piedmont, Piedmont's previous advisors, and the officers and directors of Piedmont prior to the closing of the Internalization. The complaint attempts to assert class action claims on behalf of those persons who received and were entitled to vote on the proxy statement filed with the SEC on February 26, 2007.

The complaint alleges, among other things, (i) that the consideration to be paid as part of the Internalization is excessive; (ii) violations of Section 14(a), including Rule 14a-9 thereunder, and Section 20(a) of the Exchange Act, based upon allegations that the proxy statement contains false and misleading statements or omits to state material facts; (iii) that the board of directors and the current and previous advisors breached their fiduciary duties to the class and to Piedmont; and (iv) that the proposed Internalization will unjustly enrich certain directors and officers of Piedmont.

The complaint seeks, among other things, (i) certification of the class action; (ii) a judgment declaring the proxy statement false and misleading; (iii) unspecified monetary damages; (iv) to nullify any stockholder approvals obtained during the proxy process; (v) to nullify the Internalization; (vi) restitution for disgorgement of profits, benefits, and other compensation for wrongful conduct and fiduciary breaches; (vii) the nomination and election of new independent directors, and the retention of a new financial advisor to assess the advisability of Piedmont's strategic alternatives; and (viii) the payment of reasonable attorneys' fees and experts' fees.

On June 27, 2007, the plaintiff filed an amended complaint, which contains the same counts as the original complaint, described above, with amended factual allegations based primarily on events occurring subsequent to the original complaint and the addition of a Piedmont officer as an individual defendant.

On March 31, 2008, the court granted in part the defendants' motion to dismiss the amended complaint. The court dismissed five of the seven counts of the amended complaint in their entirety. The court dismissed the remaining two counts with the exception of allegations regarding the failure to disclose in Piedmont's proxy statement details of certain expressions of interest by a third party in acquiring Piedmont. On April 21, 2008, the plaintiff filed a second amended complaint, which alleges violations of the federal proxy rules based upon allegations that the proxy statement to obtain approval for Internalization omitted details of certain expressions of interest in acquiring Piedmont. The second amended complaint seeks, among other things, unspecified monetary damages, to nullify and rescind Internalization, and to cancel and rescind any stock issued to the defendants as consideration for Internalization. On May 12, 2008, the defendants answered the second amended complaint.

On June 23, 2008, the plaintiff filed a motion for class certification. On January 16, 2009, defendants filed their response to plaintiff's motion for class certification. The plaintiff filed its reply in support of its motion for class certification on February 19, 2009, and the motion is presently pending before the court. The parties are presently engaged in discovery.

On April 13, 2009, the plaintiff moved for leave to amend the second amended complaint to add additional defendants. The defendants responded to the plaintiff's motion for leave to amend on April 30, 2009. The plaintiff filed its reply of its motion for leave to amend on May 18, 2009. The court denied the motion for leave to amend on June 23, 2009.

Piedmont believes that the allegations contained in the complaint are without merit and will continue to vigorously defend this action. Due to the uncertainties inherent in the litigation process, it is not possible to predict the ultimate outcome of this matter at this time; however, as with any litigation, the risk of financial loss does exist.

***In Re Piedmont Office Realty Trust, Inc. Securities Litigation, Civil Action No. 1:07-cv-02660*-CAP (Upon motions to dismiss filed by defendants, parts of all four counts were dismissed by the court. Counts III and IV were dismissed in their entirety. A motion for class certification has been filed and the parties are engaged in discovery.)**

On October 25, 2007, the same stockholder mentioned above filed a second purported class action in the United States District Court for the Northern District of Georgia against Piedmont and its board of directors. The complaint attempts to assert class action claims on behalf of (i) those persons who were entitled to tender their shares pursuant to the tender offer filed with the SEC by Lex-Win Acquisition LLC ("Lex-Win"), a former stockholder, on May 25, 2007, and (ii) all persons who are entitled to vote on the proxy statement filed with the SEC on October 16, 2007.

The complaint alleges, among other things, violations of the federal securities laws, including Sections 14(a) and 14(e) of the Exchange Act and Rules 14a-9 and 14e-2(b) promulgated thereunder. In addition, the complaint alleges that defendants have also breached their fiduciary duties owed to the proposed classes.

On December 26, 2007, the plaintiff filed a motion seeking that the court designate it as lead plaintiff and its counsel as class lead counsel, which the court granted on May 2, 2008.

On May 19, 2008, the lead plaintiff filed an amended complaint which contains the same counts as the original complaint. On June 30, 2008, defendants filed a motion to dismiss the amended complaint.

On March 30, 2009, the court granted in part the defendants' motion to dismiss the amended complaint. The court dismissed two of the four counts of the amended complaint in their entirety. The court dismissed the remaining two counts with the exception of allegations regarding (i) the failure to disclose information regarding the likelihood of a listing in Piedmont's amended response to the Lex-Win tender offer and (ii) purported misstatements or omissions in Piedmont's proxy statement concerning then-existing market conditions, the alternatives to a listing or extension that were explored by the defendants, the results of conversations with potential buyers as to Piedmont's valuation, and certain details of our share redemption program. On April 13, 2009, defendants moved for reconsideration of the court's March 30, 2009 order or, alternatively, for certification of the order for immediate appellate review. The defendants also requested that the proceedings be stayed pending consideration of the motion. On June 19, 2009, the court denied the motion for reconsideration and the motion for certification of the order for immediate appellate review.

On April 20, 2009, the plaintiff filed a second amended complaint, which alleges violations of the federal securities laws, including Sections 14(a) and 14(e) of the Exchange Act and Rules 14a-9 and 14e-2(b) promulgated thereunder. The second amended complaint seeks, among other things, unspecified monetary damages, to nullify and void any authorizations secured by the proxy statement, and to compel a tender offer. On May 11, 2009, the defendants answered the second amended complaint.

On June 10, 2009, the plaintiffs filed a motion for class certification. The time for defendants to respond to the plaintiff's motion for class certification has not yet expired. The parties are presently engaged in discovery.

Piedmont believes that the allegations contained in the complaint are without merit and will continue to vigorously defend this action. Due to the uncertainties inherent in the litigation process, it is not possible to predict the ultimate outcome of this matter at this time; however, as with any litigation, the risk of financial loss does exist.

9. Stock-based Compensation

Deferred Stock Award Grant

Pursuant to the 2007 Omnibus Incentive Plan, Piedmont granted the following deferred stock awards to its employees:

	Deferred Stock Award Grants		
Date of grant	May 6, 2009	April 21, 2008	May 18, 2007
Shares granted(1)	559,902	451,782	764,850
Shares withheld to pay taxes(2)	52,539	58,018	149,659
Shares unvested as of June 30, 2009	419,927	221,293	182,838
Fair value of awards on date of grant(3)	$7.40	$8.70	$10.00

(1) Of the shares granted, 25% vested on the day of grant and the remaining shares, adjusted for any forfeitures, vest ratably on the anniversary date over the following three years.

(2) These shares were surrendered upon vesting to satisfy required minimum tax withholding obligations.

(3) The fair value of the awards is based on an assumed price on the date of grant. This grant date fair value is further reduced by the present value of dividends expected to be paid on the unvested portion of the shares discounted at the appropriate risk-free rate.

During the three months ended June 30, 2009 and 2008, Piedmont recognized approximately $1.7 million and $2.1 million, respectively, of compensation expense, of which $0.7 million and $1.1 million related to the nonvested shares. During the six months ended June 30, 2009 and 2008, Piedmont recognized approximately $2.4 million and $2.7 million, respectively, of compensation expense, of which $1.4 million and $1.7 million related to the nonvested shares. As of June 30, 2009, approximately $3.2 million of unrecognized compensation cost related to nonvested, share-based compensation remained, which Piedmont will record in its statements of income over a weighted-average vesting period of approximately 2 years.

Annual Independent Director Equity Awards

On April 26, 2009, the board of directors of Piedmont approved an annual equity award for each of the independent directors of $42,500 payable in the form of 5,743 shares of Piedmont's common stock. During the quarter ended June 30, 2009, Piedmont recognized directors' fees of approximately $297,500 related to these equity awards.

10. Weighted-average Common Shares

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

The following table reconciles the denominator for the basic and diluted earnings per share computations shown on the consolidated statements of income:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Weighted-average common shares – basic	**474,566,162**	479,400,829	**476,828,426**	482,649,202
Plus incremental weighted-average shares from time-vested conversions:				
Restricted stock awards	**345,446**	287,152	**312,522**	247,157
Weighted-average common shares – diluted	**474,911,608**	479,687,981	**477,140,948**	482,896,359

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11. Subsequent Events

Piedmont reviewed its operations and transactions occurring since June 30, 2009 through August 13, 2009, the date on which the financial statements were issued, and have identified the following events:

Declaration of Dividend for the Second Quarter 2009

On July 20, 2009, the board of directors of Piedmont declared dividends for the third quarter 2009 in the amount of $0.1050 (10.50 cents) per share on the outstanding common shares of Piedmont to all stockholders of record of such shares as shown on the books of Piedmont at the close of business on September 15, 2009. Such dividends are to be paid on September 22, 2009.

Extension of Liquidation Date

Piedmont's charter requires Piedmont to announce a plan of orderly liquidation or a liquidity event to its stockholders by July 30, 2009 (the "Liquidation Date"), unless the board of directors, at its sole discretion, further extends the Liquidation Date from July 30, 2009 to January 30, 2011. On July 21, 2009, the board of directors unanimously determined to extend the Liquidation Date to January 30, 2011.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the accompanying consolidated financial statements and notes thereto of Piedmont Office Realty Trust, Inc. ("Piedmont"). See also "Cautionary Note Regarding Forward-Looking Statements" preceding Part I, as well as the notes to our consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2008.

Liquidity and Capital Resources

As of June 30, 2009, Piedmont had outstanding borrowings of approximately $158.0 million under its $500 million revolving variable-rate unsecured credit facility (the "500 Million Unsecured Facility"). Along with outstanding letters of credit totaling approximately $10.4 million, we had approximately $331.6 million available for future borrowing.

We intend to use cash flows generated from operation of our properties, proceeds from our dividend reinvestment plan, and proceeds from our $500 Million Unsecured Facility as our primary sources of immediate and long-term liquidity. In addition, we expect distributions from our existing unconsolidated joint ventures, the potential selective disposal of existing properties, and other financing opportunities afforded to us by our relatively low leverage and quality asset base to provide additional sources of funds. The continued disruptions in the financial markets and deteriorating economic conditions could adversely affect our ability to utilize all of these sources of funds. Based upon recent appraisals of institutionally-owned commercial real estate owned by others in markets that we also serve, we believe that market conditions continue to negatively impact the values of most existing office properties. As a result, we may be limited in our ability to selectively dispose of our existing properties at attractive prices. Further, a reduction in our estimated net asset value could influence our stockholders' decision of whether to participate, or to continue to participate, in our dividend reinvestment plan, which is the primary source of funds for shares purchased pursuant to our share redemption program.

We anticipate that our primary future uses of capital will include, but will not be limited to, making scheduled debt service payments, and funding renovations, expansions, and other significant capital expenditures for our existing portfolio of properties. These expenditures include specifically identified building improvement projects, as well as projected amounts for tenant improvements and leasing commissions related to projected re-leasing, which are subject to change as market and tenant conditions dictate.

In addition, we currently expect to use a substantial portion of our future net cash flows generated from operations to pay dividends, and approximately $100.0 million of proceeds from the dividend reinvestment plan to fund redemptions pursuant to our share redemption program in 2009. Deferred redemption requests since November 2008, as well as redemption requests received during 2009 through April 30, 2009, participated in the redemptions made during the second quarter 2009, using approximately $89.9 million of the funds which had been previously allocated for 2009 redemptions. As of April 2009, the allocation of shares for ordinary redemptions for the remainder of 2009 was exhausted and approximately $10 million remained for additional death and required minimum distribution redemption requests for the 2009 calendar year. Our board of directors will continue to monitor the terms under which the share redemption program operates and the extent of our capital that may be used for this program.

The amount of future dividends to be paid to our stockholders will continue to be largely dependent upon (i) the amount of cash generated from our operating activities, (ii) our expectations of future cash flows, (iii) our determination of near-term cash needs for debt repayments, existing or future share redemptions or purchases, and selective acquisitions of new properties, (iv) the timing of significant releasing activities and the establishment of additional cash reserves for anticipated tenant improvements and general property capital improvements, and (v) our ability to continue to access additional sources of capital.

Our cash flows from operations depend significantly on market rents and the ability of our tenants to make rental payments. While we believe the diversity and high credit quality of our tenants helps mitigate the risk of a significant interruption of our cash flows from operations, a general economic downturn, such as the one we are currently experiencing, or downturn in one of our core markets, could adversely impact our operating cash flows. Our primary focus is to achieve the best possible long-term, risk-adjusted return for our stockholders. Over the past several months, competition to attract and retain high, creditworthy tenants has increased due to general economic conditions. At the same time, a large percentage of our tenants are approaching their lease expirations. The capital requirements necessary for payment of leasing commissions, tenant concessions, and anticipated leasing expenditures to maintain our occupancy level have continued to increase. As a result, in order to (i) better reflect the intermediate term cash flow and earnings projections of the company, (ii) maintain sufficient liquidity to repay future borrowings and take advantage of potential opportunistic investments, and (iii) enhance the stability of our investment grade credit rating, we lowered our quarterly dividend during the first quarter 2009 to $0.1050 per share. We will continue to closely monitor our tenant renewals, competitive market conditions, and our cash flow proceeds. Given the fluctuating nature of cash flows and expenditures, we may periodically borrow funds on a short-term basis to pay dividends.

During the six months ended June 30, 2009, we generated approximately $139.6 million of cash flows from operating activities and approximately $83.4 million from the issuance of common stock pursuant to our dividend reinvestment plan and from combined net borrowing activities. From such cash flows, we (i) paid dividends to stockholders of approximately $99.6 million; (ii) invested

approximately $10.0 million in mezzanine debt, (iii) funded capital expenditures and deferred leasing costs totaling approximately $26.2 million; and (iv) redeemed approximately $89.9 million of common stock pursuant to our share redemption program.

Results of Operations

Overview

As of June 30, 2009, we owned interests in 84 real estate properties. Our wholly-owned buildings comprise approximately 21 million square feet of commercial office and industrial space, and are approximately 90% leased. Our income from continuing operations for each period presented decreased as compared to the prior year, mainly due to the prior year recognition of approximately $5.6 million of non-recurring fees associated with lease terminations and restructurings. Additionally, we incurred approximately $6.1 million of additional interest costs (including interest rate swap costs) in the current year related to our $250 Million Unsecured Term Loan obtained in June 2008. This increase in interest expense was partially offset by lower rates on our $500 Million Unsecured Facility and lower overall outstanding borrowings as compared to the prior year.

Comparison of the three months ended June 30, 2009 versus the three months ended June 30, 2008

The following table sets forth selected data from our consolidated statement of income for the three months ended June 30, 2009 and 2008, respectively, as well as each balance as a percentage of the sum of rental income and tenant reimbursements for the periods presented (dollars in millions):

	June 30, 2009	%	June 30, 2008	%	$ Increase (Decrease)
Revenue:					
Rental income	$112.0		$113.9		(1.9)
Tenant reimbursements	36.1		36.6		(0.5)
Total rental income and tenant reimbursements	148.1	100	150.5	100	(2.4)
Property management fee revenue	0.7	0	0.9	1	(0.2)
Other rental income	0.8	1	0.8	1	(0.0)
Expense:					
Property operating costs	54.6	37	55.4	37	(0.8)
Asset and property management fees	0.5	0	0.5	0	0.0
Depreciation	26.6	18	24.4	16	2.2
Amortization	13.7	9	15.6	10	(1.9)
General and administrative expense	8.8	6	9.2	6	(0.4)
Real estate operating income	45.4	31	47.1	31	(1.7)
Other income (expense):					
Interest expense	(17.5)	12	(18.1)	12	(0.6)
Interest and other income	1.3	1	1.1	1	0.2
Equity in income of unconsolidated joint ventures	0.8	1	0.5	0	0.3
Loss on interest rate swap	(1.9)	1	0.0	0	1.9
Income from continuing operations	28.1	19	30.6	20	(2.5)

Continuing Operations

Revenue

Rental income decreased from approximately $113.9 million for the three months ended June 30, 2008 to approximately $112.0 million for the three months ended June 30, 2009. As noted in the discussion of other rental income below, this decrease relates primarily to a lease which expired during the fourth quarter 2008 at the Glenridge Highlands II Building, as well as other leases terminated during 2008 which have not yet been fully re-leased. A significant portion of the vacated space at the Glenridge Highlands II Building has been subsequently re-leased to a new tenant. Tenant reimbursements decreased from approximately $36.6 million for the three months ended June 30, 2008 to approximately $36.1 million for the three months ended June 30, 2009. This variance reflects a decrease in recoverable property operating costs, including property taxes and utilities, during the three months ended June 30, 2009.

Property management fee revenue, which includes both fee revenue and salary reimbursements, decreased approximately $0.2 million for the three months ended June 30, 2009 as compared to the prior period as a result of vacancy at certain of the managed properties, as well as non-recurring construction management projects in the prior year. Such income may decrease in future periods in the event that the owner of these properties makes other arrangements for their management.

Other rental income remained stable at approximately $0.8 million for the three months ended June 30, 2009 as compared to the prior period and is primarily comprised of income recognized for lease terminations and restructurings. Unlike the majority of our rental income, which is recognized ratably over long-term contracts, other rental income is recognized once we have completed our

obligation to provide space to the tenant. Lease terminations and restructurings for the three months ended June 30, 2009 relate primarily to leases terminated at the 1901 Main Street Building in Irvine, California and the Auburn Hills Corporate Center Building in Auburn Hills, Michigan, while prior year amounts relate to tenants at the 6031 Connection Drive Building in Irving, Texas. We do not expect such income to be comparable in future periods, as it will be dependent upon the execution of lease terminations by tenants and/or restructuring agreements that may not be in our control or are deemed by management to be in the best interest of the company over the long term.

Expense

Property operating costs decreased approximately $0.8 million for the three months ended June 30, 2009 compared to the prior period. This decrease is primarily the result of decreases in reimbursable tenant expenses at certain of our properties, including property taxes, utilities, and repairs and maintenance expense.

Depreciation expense increased approximately $2.2 million for the three months ended June 30, 2009 compared to the same period a year ago. Of this increase, building improvements at the Aon Center Building in Chicago as well as tenant-related expenditures among other properties contributed approximately $1.1 million of new depreciation expense. Further, accelerated depreciation as a result of a tenant's lease termination of $0.7 million, and depreciation related to the acquisition of the Piedmont Pointe II Building in Bethesda, Maryland of $0.3 million, attributed to the increase.

Amortization expense decreased approximately $1.9 million for the three months ended June 30, 2009 compared to the prior period. The decrease relates mainly to lease intangible assets which have fully amortized or terminated subsequent to June 30, 2008.

General and administrative expenses decreased approximately $0.4 million for the quarter ended June 30, 2009 compared to the prior period. Of this decrease, approximately $0.6 million related to a reduction in expenses associated with support service agreements with our former advisor which we terminated in the second half of 2008. While we experienced a decrease in several other general and administrative expenses, these decreases were partially offset by an increase in legal fees of $0.8 million pursuant to ongoing stockholder litigation.

Other Income (Expense)

Interest expense decreased approximately $0.6 million for the three months ended June 30, 2009 compared to the prior period. We incurred additional interest expense in the current period as a result of entering into our $250 Million Unsecured Term Loan subsequent to June 30, 2008. However, this additional interest expense was more than offset by lower net borrowings and lower interest rates on our $500 Million Unsecured Facility, as well as the repayment of the 3100 Clarendon Boulevard Building Mortgage Note during 2008.

Equity in income of unconsolidated joint ventures increased approximately $0.3 million for the three months ended June 30, 2009 compared to the prior period as a result of lease intangible assets which have fully amortized at the AIU Building, as well as increased tenant reimbursements during the current period. We expect equity in income of unconsolidated joint ventures to fluctuate in the near term based on the timing and extent to which dispositions occur as our unconsolidated joint ventures approach their stated dissolution period.

Loss on interest rate swap is comprised solely of the difference between the contractual, variable interest rate on our $250 million unsecured term loan facility (the "$250 Million Unsecured Term Loan"), and the fixed interest charges associated with the interest rate swap agreement we entered into in June 2008 in conjunction with the loan. We entered into the interest rate swap agreement to hedge the variability in expected future cash flows. Because overall variable rates were lower than our fixed rate as stated in the interest rate swap agreement, we recognized approximately $1.9 million of charges in conjunction with the swap agreement for the current period.

Income from continuing operations per share on a fully diluted basis remained stable at $0.06 for the three months ended June 30, 2009 and 2008.

Comparison of the six months ended June 30, 2009 versus the six months ended June 30, 2008

The following table sets forth selected data from our consolidated statement of income for the six months ended June 30, 2009 and 2008, respectively, as well as each balance as a percentage of the sum of rental income and tenant reimbursements for the periods presented (dollars in millions):

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	June 30, 2009	%	June 30, 2008	%	$ Increase (Decrease)
Revenue:					
Rental income	$224.9		$228.3		(3.4)
Tenant reimbursements	76.2		75.7		0.5
Total rental income and tenant reimbursements	301.1	100	304.0	100	(2.9)
Property management fee revenue	1.4	0	1.6	1	(0.2)
Other rental income	0.8	0	5.6	2	(4.8)
Expense:					
Property operating costs	113.7	38	112.7	37	1.0
Asset and property management fees	1.0	0	0.9	0	0.1
Depreciation	52.2	17	48.5	16	3.7
Amortization	27.1	9	32.1	11	(5.0)
General and administrative expense	16.7	6	16.3	5	0.4
Real estate operating income	92.6	31	100.7	33	(8.1)
Other income (expense):					
Interest expense	(34.9)	12	(35.4)	12	(0.5)
Interest and other income	2.0	1	1.8	1	0.2
Equity in income of unconsolidated joint ventures	1.4	0	1.0	0	0.4
Loss on interest rate swap	(3.8)	1	0.0	0	3.8
Income from continuing operations	57.3	19	68.1	22	(10.8)

Continuing Operations

Revenue

Rental income decreased from approximately $228.3 million for the six months ended June 30, 2008 to approximately $224.9 million for the six months ended June 30, 2009. As noted in the discussion of other rental income below, this decrease relates primarily to a lease which expired during the fourth quarter 2008 at the Glenridge Highlands II Building, as well as other leases terminated during 2008 which have not yet been fully re-leased. A significant portion of the vacated space at the Glenridge Highlands II Building has subsequently been re-leased to a new tenant. Tenant reimbursements increased from approximately $75.7 million for the six months ended June 30, 2008 to approximately $76.2 million for the six months ended June 30, 2009. This increase reflects an increase in recoverable property operating costs, including tenant-requested services, during the six months ended June 30, 2009.

Property management fee revenue, which includes both fee revenue and salary reimbursements, decreased approximately $0.2 million for the six months ended June 30, 2009 as compared to the prior period as a result of vacancy at certain of the managed properties, as well as non-recurring construction management projects in the prior year. Such income may decrease in future periods in the event that the owner of these properties makes other management arrangements for properties that they own.

Other rental income decreased approximately $4.8 million for the six months ended June 30, 2009 as compared to the prior period and is primarily comprised of income recognized for lease terminations and restructurings. Unlike the majority of our rental income, which is recognized ratably over long-term contracts, other rental income is recognized once we have completed our obligation to provide space to the tenant. Other rental income for the six months ended June 30, 2008 relates primarily to leases terminated at the 6031 Connection Drive Building in Irving, Texas, and a tenant at the 1901 Main Street Building in Irvine, California. Other rental income for the current period consists of a different tenant's termination at the 1901 Main Street Building, as well as a termination at the Auburn Hills Corporate Center in Auburn Hills, Michigan. We do not expect such income to be comparable in future periods, as it will be dependent upon the execution of lease terminations by tenants and/or restructuring agreements that may not be in our control or are deemed by management to be in the best interest of the company over the long term.

Expense

Property operating costs increased approximately $1.0 million for the six months ended June 30, 2009 compared to the prior period. This variance is primarily the result of increases in reimbursable tenant expenses at certain of our properties. Most of the increase in reimbursable tenant expenses is due to an increase in tenant-requested services in 2009. Such expenses are typically fees for services requested by a tenant and/or operating costs directly attributable to a specific tenant.

Asset and property management fees remained stable for the six months ended June 30, 2009 and 2008. Such expense may change in future periods in the event that we make other arrangements for the properties' management.

Depreciation expense increased approximately $3.7 million for the six months ended June 30, 2009 compared to the same period a year ago. Of this increase, building improvements at the Aon Center Building in Chicago as well as tenant-related expenditures among other properties contributed approximately $2.2 million of new depreciation expense. Further, accelerated depreciation as a result of a tenant's lease termination of $0.7 million, and depreciation related to the acquisition of the Piedmont Pointe II Building in Bethesda, Maryland of $0.7 million, attributed to the increase.

Amortization expense decreased approximately $5.0 million for the six months ended June 30, 2009 compared to the prior period. The decrease relates mainly to lease assets which have been fully amortized or written-off subsequent to June 30, 2008.

General and administrative expense increased approximately $0.4 million for the six months ended June 30, 2009 compared to the prior period. Of this increase, approximately $1.1 million is the result of legal fees pursuant to ongoing stockholder litigation. Additionally, franchise tax expense resulting from significant changes in Michigan's franchise tax law contributed approximately $0.2 million of expense in the current year. These increases were significantly offset by approximately $1.1 million of savings realized through the termination of service agreements with our former advisor in July 2008.

Other Income (Expense)

Interest expense decreased approximately $0.5 million for the six months ended June 30, 2009 compared to the prior period. We incurred additional interest expense in the current year as a result of entering into our $250 Million Unsecured Term Loan subsequent to June 30, 2008. However, this additional interest expense was more than offset by lower net borrowings and lower interest rates on our $500 Million Unsecured Facility, as well as the repayment of the 3100 Clarendon Boulevard Building Mortgage Note during 2008.

Equity in income of unconsolidated joint ventures increased approximately $0.4 million for the six months ended June 30, 2009 as a result of lease intangible assets which have fully amortized at the AIU Building. We expect equity in income of unconsolidated joint ventures to fluctuate in the near term based on the timing and extent to which dispositions occur as our unconsolidated joint ventures approach their stated dissolution period.

Loss on interest rate swap is comprised solely of the difference between the contractual, variable interest rate on our $250 Million Unsecured Term Loan, and the fixed interest charges associated with the interest rate swap agreement we entered into in June 2008 in conjunction with the loan. We entered into the interest rate swap agreement to hedge the variability in expected future cash flows. Because overall variable rates were lower than our fixed rate as stated in the interest rate swap agreement, we recognized approximately $3.8 million of charges in conjunction with the swap agreement for the current period.

Income from continuing operations per share on a fully diluted basis decreased from $0.14 for the six months ended June 30, 2008 to $0.12 for the six months ended June 30, 2009 primarily as a result of the prior year recognition of approximately $5.6 million of non-recurring fees associated with lease terminations and restructurings. Additionally, we incurred approximately $6.1 million of additional interest costs (including interest rate swap costs) in the current year related to our $250 Million Unsecured Term Loan obtained in June 2008. This increase in interest expense was partially offset by lower rates on our $500 Million Unsecured Facility and lower overall outstanding borrowings as compared to the prior year.

Discontinued Operations

In accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, we have classified the operations of properties held for sale and sold as discontinued operations for all periods presented. Income from discontinued operations was approximately $10,000 for the six months ended June 30, 2008. We do not expect that income from discontinued operations will be comparable to future periods, as such income is subject to the timing and existence of future property dispositions.

Funds From Operations ("FFO")

Our consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). FFO is a non-GAAP financial measure and should not be viewed as an alternative measurement of our operating performance to net income. We believe that FFO is a beneficial indicator of the performance of an equity REIT. Specifically, FFO calculations may be helpful to investors as a starting point in measuring our operating performance, because they exclude factors that do not relate to, or are not indicative of, our operating performance, such as depreciation and amortization of real estate assets and gains or losses from sales of operating real estate assets. As such factors can vary among owners of identical assets in similar conditions based on historical cost accounting and useful-life estimates, FFO may provide a valuable comparison of operating performance between periods and with other REITs.

Management believes that accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, many industry investors and analysts have considered the presentation of operating results for real estate companies that use historical cost

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accounting to be insufficient by themselves. As a result, we believe that the use of FFO, together with the required GAAP presentation, provides a more complete understanding of our performance relative to our competitors and a more informed and appropriate basis on which to make decisions involving operating, financing, and investing activities. We calculate FFO in accordance with the current NAREIT definition, which defines FFO as net income (computed in accordance with GAAP), excluding gains or losses from sales of property, plus depreciation and amortization on real estate assets, and after the same adjustments for unconsolidated partnerships and joint ventures. However, other REITs may not define FFO in accordance with the NAREIT definition, or may interpret the current NAREIT definition differently than we do; therefore, our computation of FFO may not be comparable to such other REITs.

As presented below, FFO is adjusted to exclude the impact of certain noncash items, such as depreciation, amortization, and gains on the sale of real estate assets. However, FFO is not adjusted to exclude the impact of impairment losses or certain other noncash charges to earnings. Reconciliations of net income to FFO are presented below (in thousands):

	Three Months Ended June 30,				Six Month Ended June 30,			
	2009	Per Share*	2008	Per Share*	2009	Per Share*	2008	Per Share*
Net income	**$ 27,976**	**$ .06**	$ 30,470	$ .06	**$ 57,014**	**$ .12**	$ 67,832	$ .14
Add:								
Depreciation of real assets – wholly owned properties	**26,407**	**.05**	24,400	.05	**51,885**	**.11**	48,433	.10
Depreciation of real assets – unconsolidated partnerships	**366**	**—**	375	—	**726**	**—**	749	—
Amortization of lease-related costs – wholly owned properties	**13,695**	**.03**	15,595	.04	**27,136**	**.06**	32,128	.07
Amortization of lease-related costs – unconsolidated partnerships	**102**	**—**	242	—	**203**	**—**	483	—
Subtract:								
Gain on sale of properties – wholly owned	**—**	**—**	—	—	**—**	**—**	—	—
Gain on sale of properties – unconsolidated partnerships	**—**	**—**	—	—	**—**	**—**	—	—
FFO	**$ 68,546**	**$ .14**	$ 71,082	$ .15	**$136,964**	**$ .29**	$149,625	$ .31
Weighted-average shares outstanding – diluted	**474,912**		479,688		**477,141**		482,896	

* Based on weighted-average shares outstanding – diluted.

Set forth below is additional information related to certain significant cash and noncash items included in or excluded from net income above, which may be helpful in assessing our operating results. In addition, cash flows generated from FFO may be used to fund all or a portion of certain capitalizable items that are excluded from FFO, such as capitalized interest, tenant improvements, building improvements, and deferred lease costs. Please see our accompanying consolidated statements of cash flows for details of our operating, investing (including capital expenditures), and financing cash activities.

Noncash Items Included in Net Income

- In accordance with GAAP, we recognized straight-line rental revenues/(expense) and adjustments to straight-line receivables as a result of lease terminations of approximately $1.2 million and $2.2 million during the three months ended June 30, 2009 and 2008, respectively, and approximately $(1.5) million and $0.8 million for the six months ended June 30, 2009 and 2008, respectively;
- The amortization of deferred financing costs totaled approximately $0.7 million and $0.4 million for the three months ended June 30, 2009 and 2008, respectively, and approximately $1.4 million and $1.1 million for the six months ended June 30, 2009 and 2008, respectively;
- The amortization of above-market and below-market in-place leases recorded as a net increase in revenues in the accompanying consolidated statements of income totaled approximately $1.2 million and $0.8 million for the three months ended June 30, 2009 and 2008, respectively, and approximately $2.5 million and $1.5 million for the six months ended June 30, 2009 and 2008, respectively;
- The noncash portion of compensation expense related to shares issued under the 2007 Omnibus Incentive Plan recorded as general and administrative expense in the accompanying consolidated statements of income totaled approximately $0.8 million and $1.6 million for the three months ended June 30, 2009 and 2008, respectively; and approximately $1.5 million and $2.4 million for the six months ended June 30, 2009 and 2008, respectively; and
- The noncash portion of interest income related to the amortization of discounts related to the investment in mezzanine debt recorded as interest and other income in the accompanying consolidated statements of income totaled approximately $0.9 million and $0.3 million for the three months ended June 30, 2009 and 2008, respectively, and approximately $1.3 million and $0.3 million for the six months ended June 30, 2009 and 2008 respectively.

Election as a REIT

We have elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, and have operated as such beginning with our taxable year ended December 31, 1998. To qualify as a REIT, we must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of our adjusted REIT taxable income, computed without regard to the dividends-paid deduction and by excluding net capital gains attributable to our stockholders, as defined by the Code. As a REIT, we generally will not be subject to federal income tax on taxable income that we distribute to our stockholders. If we fail to qualify as a REIT in any taxable year, we may be subject to federal income taxes on our taxable income for that year and for the four years following the year during which qualification is lost and/or penalties, unless the Internal Revenue Service grants us relief under certain statutory provisions. Such an event could materially adversely affect our net income and net cash available for distribution to our stockholders. However, we believe that we are organized and operate in such a manner as to qualify for treatment as a REIT and intend to continue to operate in the foreseeable future in such a manner that we will remain qualified as a REIT for federal income tax purposes. We have elected to treat Piedmont Office Holdings, Inc. ("Piedmont Holdings"), a wholly-owned subsidiary of Piedmont, as a taxable REIT subsidiary. We may perform non-customary services for tenants of buildings that we own, including any real estate or non-real estate related-services; however, any earnings related to such services performed by our taxable REIT subsidiary are subject to federal and state income taxes. In addition, for us to continue to qualify as a REIT, our investments in taxable REIT subsidiaries cannot exceed 25% of the value of our total assets. Except for holding 20,000 limited partnership units in Piedmont OP, our operating partnership, Piedmont Holdings, had no operations for the six months ended June 30, 2009.

No provision for federal income taxes has been made in our accompanying consolidated financial statements, as we had no operations subject to such treatment, and we made distributions in excess of taxable income for the periods presented. We are subject to certain state and local taxes related to the operations of properties in certain locations, which have been provided for in our accompanying consolidated financial statements.

Inflation

We are exposed to inflation risk, as income from long-term leases is the primary source of our cash flows from operations. There are provisions in the majority of our tenant leases that are intended to protect us from, and mitigate the risk of, the impact of inflation. These provisions include rent steps, reimbursement billings for operating expense pass-through charges, real estate tax, and insurance reimbursements on a per square-foot basis, or in some cases, annual reimbursement of operating expenses above certain per square-foot allowances. However, due to the long-term nature of the leases, the leases may not readjust their reimbursement rates frequently enough to fully cover inflation.

Application of Critical Accounting Policies

Our accounting policies have been established to conform with GAAP. The preparation of financial statements in conformity with GAAP requires us to use judgment in the application of accounting policies, including making estimates and assumptions. These judgments affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. If our judgment or interpretation of the facts and circumstances relating to various transactions had been different, it is possible that different accounting policies would have been applied, thus resulting in a different presentation of the financial statements. Additionally, other companies may utilize different estimates that may impact comparability of our results of operations to those of companies in similar businesses.

Investment in Real Estate Assets

We are required to make subjective assessments as to the useful lives of our depreciable assets. We consider the period of future benefit of the asset to determine the appropriate useful lives. These assessments have a direct impact on net income. The estimated useful lives of our assets by class are as follows:

Buildings	40 years
Building improvements	5-25 years
Land improvements	20-25 years
Tenant improvements	Shorter of economic life or lease term
Intangible lease assets	Lease term

Allocation of Purchase Price of Acquired Assets

Upon the acquisition of real properties, it is our policy to allocate the purchase price of properties to acquired tangible assets, consisting of land and building, and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases, other value of in-place leases, and value of tenant relationships, based in each case on their estimated fair values.

The fair values of the tangible assets of an acquired property (which includes land and buildings) are determined by valuing the property as if it were vacant, and the "as-if-vacant" value is then allocated to land and building based on our determination of the relative fair value of these assets. We determine the as-if-vacant fair value of a property using methods similar to those used by independent appraisers. Factors considered by us in performing these analyses include an estimate of carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. In estimating carrying costs, we include real estate taxes, insurance, and other operating expenses and estimates of lost rental revenue during the expected lease-up periods based on current market demand. We also estimate the cost to execute similar leases including leasing commissions, legal, and other related costs.

The fair values of above-market and below-market in-place lease values are recorded based on the present value (using an interest rate that reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) our estimate of fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining noncancelable term of the lease. The above-market and below-market lease values are capitalized as intangible lease assets and liabilities and amortized as an adjustment of rental income over the remaining terms of the respective leases.

The fair values of in-place leases include direct costs associated with obtaining a new tenant, opportunity costs associated with lost rentals that are avoided by acquiring an in-place lease, and tenant relationships. Direct costs associated with obtaining a new tenant include commissions, tenant improvements, and other direct costs and are estimated based on management's consideration of current market costs to execute a similar lease. These direct costs are included in deferred lease costs in the accompanying consolidated balance sheets and are amortized to expense over the remaining terms of the respective leases. The value of opportunity costs is calculated using the contractual amounts to be paid pursuant to the in-place leases over a market absorption period for a similar lease. Customer relationships are valued based on expected renewal of a lease or the likelihood of obtaining a particular tenant for other locations. These lease intangibles are included in intangible lease assets in the accompanying consolidated balance sheets and are amortized to expense over the remaining terms of the respective leases.

Estimates of the fair values of the tangible and intangible assets require us to estimate market lease rates, property operating expenses, carrying costs during lease-up periods, discount rates, market absorption periods, and the number of years the property is held for investment. The use of inappropriate estimates would result in an incorrect assessment of our purchase price allocations, which could impact the amount of our reported net income.

Valuation of Real Estate Assets

We continually monitor events and changes in circumstances that could indicate that the carrying amounts of the real estate and related intangible assets, both operating properties and properties under construction, in which we have an ownership interest, either directly or through investments in joint ventures, may not be recoverable. When indicators of potential impairment are present which indicate that the carrying amounts of real estate and related intangible assets may not be recoverable, we assess the recoverability of these assets by determining whether the carrying value will be recovered through the undiscounted future operating cash flows expected from the use of the asset and its eventual disposition. In the event that such expected undiscounted future cash flows do not exceed the carrying value, we adjust the real estate and related intangible assets to the fair value and recognize an impairment loss.

Projections of expected future cash flows require that we estimate future market rental income amounts subsequent to the expiration of current lease agreements, property operating expenses, the number of months it takes to re-lease the property, and the number of years the property is held for investment, among other factors. The subjectivity of assumptions used in the future cash flow analysis, including discount rates, could result in an incorrect assessment of the property's fair value and, therefore, could result in the misstatement of the carrying value of our real estate and related intangible assets and our net income. We have determined that there has been no material impairment in the carrying value of real estate assets held by us, nor have there been any charges taken which were deemed "other than temporary" for any of our unconsolidated joint ventures during the six months ended June 30, 2009.

Goodwill

Goodwill is the excess of cost of an acquired entity over the amounts specifically assigned to assets acquired and liabilities assumed in purchase accounting for business combinations. We test the carrying value of our goodwill for impairment on an annual basis. The carrying value will be tested for impairment between annual impairment tests if an event occurs or circumstances change that would indicate the carrying amount may be impaired. An impairment loss may be recognized when the carrying amount of the acquired net assets exceeds the estimated fair value of those assets. We have determined that there have been no events or circumstances that would indicate that the carrying amount may be impaired as of June 30, 2009.

Investment in Variable Interest Entities

Variable Interest Entities ("VIEs") are defined as entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. If an entity is determined to be a VIE, it must be consolidated by the primary beneficiary. The primary

beneficiary is the enterprise that absorbs the majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both. Generally, expected losses and expected residual returns are the expected negative and positive variability, respectively, in the fair value of the VIE's net assets.

When we make an investment, we assess whether the investment represents a variable interest in a VIE and, if so, whether we are the primary beneficiary of the VIE. These analyses require considerable judgment in determining the primary beneficiary of a VIE since they involve subjective probability weighting of various cash flow scenarios. Incorrect assumptions or estimates of future cash flows may result in an inaccurate determination of the primary beneficiary. The result could be the consolidation of an entity acquired or formed in the future that would otherwise not have been consolidated or the non-consolidation of such an entity that would otherwise have been consolidated.

Interest Rate Swap

When we enter into an interest rate swap agreement to hedge our exposure to changing interest rates on our variable rate debt instruments, we record all derivatives on the balance sheet at fair value. We reassess the effectiveness of our derivatives designated as cash flow hedges on a regular basis to determine if they continue to be highly effective and also to determine if the forecasted transactions remain highly probable. The changes in fair value of derivatives designated as cash flow hedges are recorded in other comprehensive income ("OCI"), and the amounts in OCI will be reclassified to earnings when the hedged transactions occur. Changes in the fair values of derivatives designated as cash flow hedges that do not qualify for hedge accounting treatment are recorded as gain/(loss) on interest rate swap in consolidated statements of income in the current period. The fair value of the interest rate swap agreement is recorded as prepaid expenses and other assets or as interest rate swap liability in the accompanying consolidated balance sheets. Amounts received or paid under interest rate swap agreements are also recorded as gain/(loss) on interest rate swap in the consolidated income statements as incurred. Currently, we do not use derivatives for trading or speculative purposes and do not have any derivatives that are not designated as cash flow hedges.

Commitments and Contingencies

We are subject to certain commitments and contingencies with regard to certain transactions. Refer to Note 8 to our consolidated financial statements for further explanation. Examples of such commitments and contingencies include:

- Commitments Under Existing Lease Agreements;
- Contingencies Related to Tenant Audits; and
- Assertion of Legal Action.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our future income, cash flows, and fair values of our financial instruments depend in part upon prevailing market interest rates. Market risk is the exposure to loss resulting from changes in interest rates, foreign currency, exchange rates, commodity prices, and equity prices. Our exposure to market risk includes interest rate fluctuations in connection with any borrowings under our $500 Million Unsecured Facility and our $250 Million Unsecured Term Loan. As a result, the primary market risk to which we believe we are exposed is interest rate risk. Many factors, including governmental monetary and tax policies, domestic and international economic and political considerations, and other factors that are beyond our control contribute to interest rate risk. Our interest rate risk management objectives are to limit the impact of interest rate changes on earnings and cash flow, primarily by maintaining a moderate level of variable-rate debt. In addition, we entered into an interest rate swap agreement to effectively fix our rate on the $250 Million Unsecured Term Loan.

All of our debt was entered into for other than trading purposes, and the estimated fair value of our debt as of June 30, 2009 is approximately $1.4 billion. See Note 6 of our accompanying consolidated financial statements for further detail.

As of June 30, 2009, approximately $1.4 billion of our outstanding debt is subject to fixed, or effectively fixed, interest rates. Our total outstanding debt has an average interest rate of approximately 4.74% per annum with expirations ranging from 2010 to 2017. A change in the market interest rate impacts the net financial instrument position of our fixed-rate debt portfolio but has no impact on interest incurred or cash flows. Such agreements may result in higher fixed interest rates in certain periods of lower variable interest rates, but are intended to decrease our exposure to potential increases in interest rates.

As of June 30, 2009, approximately $158.0 million of our outstanding debt (the amount outstanding under our $500 Million Unsecured Facility) is subject to variable interest rates. Our $500 Million Unsecured Facility currently has a stated rate of LIBOR plus 0.475% per annum or the prime rate, at the company's discretion. The 30-day LIBOR rate as of June 30, 2009 was 0.31%. The weighted-average interest rate on all outstanding draws as of June 30, 2009 is 1.27%. To the extent that we borrow funds in the future under the $500 Million Unsecured Facility or potential future variable-rate lines of credit, we would have exposure to increases in interest rates, which would potentially increase our cost of debt.

ITEM 4T. CONTROLS AND PROCEDURES

Management's Conclusions Regarding the Effectiveness of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of management, including the Principal Executive Officer and the Principal Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rule 15d-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act") as of the end of the quarterly period covered by this report. Based upon that evaluation, the Principal Executive Officer and the Principal Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report in providing a reasonable level of assurance that information we are required to disclose in the reports we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in applicable SEC rules and forms, including providing a reasonable level of assurance that information required to be disclosed by us in the reports we file under the Exchange Act is accumulated and communicated to our management, including the Principal Executive Officer and the Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2009 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In Re Wells Real Estate Investment Trust, Inc. Securities Litigation, Civil Action No. 1:07-cv-00862-CAP **(Upon motions to dismiss filed by defendants, parts of all seven counts were dismissed by the court. Counts III through VII were dismissed in their entirety. A motion for class certification has been filed and the parties are engaged in discovery.)**

On March 12, 2007, a stockholder filed a purported class action and derivative complaint in the United States District Court for the District of Maryland against, among others, Piedmont, Piedmont's previous advisors, and the officers and directors of Piedmont prior to the closing of the Internalization. The complaint attempts to assert class action claims on behalf of those persons who received and were entitled to vote on the proxy statement filed with the SEC on February 26, 2007.

The complaint alleges, among other things, (i) that the consideration to be paid as part of the Internalization is excessive; (ii) violations of Section 14(a), including Rule 14a-9 thereunder, and Section 20(a) of the Exchange Act, based upon allegations that the proxy statement contains false and misleading statements or omits to state material facts; (iii) that the board of directors and the current and previous advisors breached their fiduciary duties to the class and to Piedmont; and (iv) that the proposed Internalization will unjustly enrich certain directors and officers of Piedmont.

The complaint seeks, among other things, (i) certification of the class action; (ii) a judgment declaring the proxy statement false and misleading; (iii) unspecified monetary damages; (iv) to nullify any stockholder approvals obtained during the proxy process; (v) to nullify the Internalization; (vi) restitution for disgorgement of profits, benefits, and other compensation for wrongful conduct and fiduciary breaches; (vii) the nomination and election of new independent directors, and the retention of a new financial advisor to assess the advisability of Piedmont's strategic alternatives; and (viii) the payment of reasonable attorneys' fees and experts' fees.

On June 27, 2007, the plaintiff filed an amended complaint, which contains the same counts as the original complaint, described above, with amended factual allegations based primarily on events occurring subsequent to the original complaint and the addition of a Piedmont officer as an individual defendant.

On March 31, 2008, the court granted in part the defendants' motion to dismiss the amended complaint. The court dismissed five of the seven counts of the amended complaint in their entirety. The court dismissed the remaining two counts with the exception of allegations regarding the failure to disclose in Piedmont's proxy statement details of certain expressions of interest by a third party in acquiring Piedmont. On April 21, 2008, the plaintiff filed a second amended complaint, which alleges violations of the federal proxy rules based upon allegations that the proxy statement to obtain approval for Internalization omitted details of certain expressions of interest in acquiring Piedmont. The second amended complaint seeks, among other things, unspecified monetary damages, to nullify and rescind Internalization, and to cancel and rescind any stock issued to the defendants as consideration for Internalization. On May 12, 2008, the defendants answered the second amended complaint.

On June 23, 2008, the plaintiff filed a motion for class certification. On January 16, 2009, defendants filed their response to plaintiff's motion for class certification. The plaintiff filed its reply in support of its motion for class certification on February 19, 2009, and the motion is presently pending before the court. The parties are presently engaged in discovery.

On April 13, 2009, the plaintiff moved for leave to amend the second amended complaint to add additional defendants. The defendants responded to the plaintiff's motion for leave to amend on April 30, 2009. The plaintiff filed its reply of its motion for leave to amend on May 18, 2009. The court denied the motion for leave to amend on June 23, 2009.

We believe that the allegations contained in the complaint are without merit and will continue to vigorously defend this action. Due to the uncertainties inherent in the litigation process, it is not possible to predict the ultimate outcome of this matter at this time; however, as with any litigation, the risk of financial loss does exist.

***In Re Piedmont Office Realty Trust, Inc. Securities Litigation, Civil Action No. 1:07-cv-02660*-CAP (Upon motions to dismiss filed by defendants, parts of all four counts were dismissed by the court. Counts III and IV were dismissed in their entirety. A motion for class certification has been filed and the parties are engaged in discovery.)**

On October 25, 2007, the same stockholder mentioned above filed a second purported class action in the United States District Court for the Northern District of Georgia against Piedmont and its board of directors. The complaint attempts to assert class action claims on behalf of (i) those persons who were entitled to tender their shares pursuant to the tender offer filed with the SEC by Lex-Win Acquisition LLC ("Lex-Win"), a former stockholder, on May 25, 2007, and (ii) all persons who are entitled to vote on the proxy statement filed with the SEC on October 16, 2007.

The complaint alleges, among other things, violations of the federal securities laws, including Sections 14(a) and 14(e) of the Exchange Act and Rules 14a-9 and 14e-2(b) promulgated thereunder. In addition, the complaint alleges that defendants have also breached their fiduciary duties owed to the proposed classes.

On December 26, 2007, the plaintiff filed a motion seeking that the court designate it as lead plaintiff and its counsel as class lead counsel, which the court granted on May 2, 2008.

On May 19, 2008, the lead plaintiff filed an amended complaint which contains the same counts as the original complaint. On June 30, 2008, defendants filed a motion to dismiss the amended complaint.

On March 30, 2009, the court granted in part the defendants' motion to dismiss the amended complaint. The court dismissed two of the four counts of the amended complaint in their entirety. The court dismissed the remaining two counts with the exception of allegations regarding (i) the failure to disclose information regarding the likelihood of a listing in Piedmont's amended response to the Lex-Win tender offer and (ii) purported misstatements or omissions in Piedmont's proxy statement concerning then-existing market conditions, the alternatives to a listing or extension that were explored by the defendants, the results of conversations with potential buyers as to Piedmont's valuation, and certain details of our share redemption program. On April 13, 2009, defendants moved for reconsideration of the court's March 30, 2009 order or, alternatively, for certification of the order for immediate appellate review. The defendants also requested that the proceedings be stayed pending consideration of the motion. On June 19, 2009, the court denied the motion for reconsideration and the motion for certification of the order for immediate appellate review.

On April 20, 2009, the plaintiff filed a second amended complaint, which alleges violations of the federal securities laws, including Sections 14(a) and 14(e) of the Exchange Act and Rules 14a-9 and 14e-2(b) promulgated thereunder. The second amended complaint seeks, among other things, unspecified monetary damages, to nullify and void any authorizations secured by the proxy statement, and to compel a tender offer. On May 11, 2009, the defendants answered the second amended complaint.

On June 10, 2009, the plaintiffs filed a motion for class certification. The time for defendants to respond to the plaintiff's motion for class certification has not yet expired. The parties are presently engaged in discovery.

We believe that the allegations contained in the complaint are without merit and will continue to vigorously defend this action. Due to the uncertainties inherent in the litigation process, it is not possible to predict the ultimate outcome of this matter at this time; however, as with any litigation, the risk of financial loss does exist.

ITEM 1A. RISK FACTORS

Stockholders who are currently participating in our dividend reinvestment plan ("DRP"), and stockholders who may choose to participate in the DRP in the future, may be purchasing shares above the value of the next estimated net asset value per share, which will be announced in the first quarter 2010. Additionally, shares purchased pursuant to our share redemption program for the remainder of calendar year 2009 may be purchased at a price which could be higher than our next estimated net asset value per share.

Based upon appraisals in the first half of 2009 on institutionally-owned commercial real estate owned by others in markets that we also serve, we believe that the current market conditions are having a negative impact on the values of existing U.S. office properties. A reduction in the values of our existing properties will cause a reduction in our annual estimated net asset value calculation which is done annually in the first quarter. While we cannot predict what our estimated net asset value per share may be in the future, given current market conditions, the current dividend reinvestment price and current share redemption price of $7.03 per share (which is 95% of the latest estimated net asset value per share) may be above the value of the next estimated net asset value per share which will be determined and announced during first quarter 2010.

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There have been no other known material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2008.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) There were no unregistered sales of equity securities during the second quarter 2009.

(b) Not applicable.

(c) Our board of directors has adopted a share redemption program, as announced in December 1999 and as subsequently amended from time to time, which provides stockholders with the opportunity to have their shares redeemed after they have held them for a period of one year for a purchase price equal to the lesser of (1) $7.03 per share, or (2) the purchase price per share that they actually paid for their shares of Piedmont, less the special capital distribution of $1.62 per share in June 2005 if received by the stockholder. Redemptions under the program are currently limited as follows: (1) during any calendar year, we will not redeem in excess of 5.0% of the weighted-average number of shares outstanding during the prior calendar year; and (2) in no event shall the life-to-date aggregate amount of redemptions under our share redemption program exceed life-to-date aggregate proceeds received from the sale of shares pursuant to our dividend reinvestment plan; and (3) effective for 2009, the total amount of capital which may be used to redeem shares in calendar 2009 is estimated to be $100.0 million, which approximates the estimated proceeds to be received from the dividend reinvestment plan during 2009. During the quarter ended June 30, 2009, we redeemed shares pursuant to our share redemption program as follows (in thousands, except per-share amounts):

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares Available That May Yet Be Redeemed in Calendar Year 2009 Under the Plan
April 1, 2009 to April 30, 2009	11,898 shares	$ 7.03	11,898 shares	$ 16,355
May 1, 2009 to May 31, 2009	326 shares	$ 7.03	326 shares	$ 14,061
June 1, 2009 to June 30, 2009	564 shares	$ 7.03	564 shares	$ 10,094(1)

(1) The maximum dollar amount remaining as of June 30, 2009 for redemptions pursuant to our share redemption program in future periods is approximately $52.2 million, as life-to-date redemptions may not exceed life-to-date proceeds received under our dividend reinvestment plan. However, due to additional program restrictions, the estimated pool of shares available for all redemptions during calendar year 2009 (including ordinary, redemptions upon death, and required minimum distribution redemptions) is anticipated to be $100.0 million, which approximates the estimated proceeds to be received from the dividend reinvestment plan during 2009. The allocation for ordinary redemptions for 2009 was exhausted as of April 30, 2009. Redemptions after April 30, 2009 will be made solely upon requests related to the death of a stockholder and for required minimum distribution redemptions; however the total of such redemptions, as well as those ordinary redemption requests previously processed, will approximate $100.0 million during 2009.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of our stockholders during the second quarter 2009.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The Exhibits required to be filed with this report are set forth on the Exhibit Index to Second Quarter Form 10-Q attached hereto.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PIEDMONT OFFICE REALTY TRUST, INC.
(Registrant)

Dated: August 13, 2009

By: /s/ Robert E. Bowers
Robert E. Bowers
Chief Financial Officer and Executive Vice President
(Principal Financial Officer)

EXHIBIT INDEX
TO
SECOND QUARTER FORM 10-Q
OF
PIEDMONT OFFICE REALTY TRUST, INC.

Exhibit Number	Description of Document
3.1	Second Articles of Amendment and Restatement of the Company (incorporating all amendments thereto through December 17, 2007) (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed on May 14, 2008)
3.2	Amended Bylaws of Piedmont Office Realty Trust, Inc. (incorporating all amendments thereto through June 26, 2008) (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q, filed August 13, 2008)
31.1	Rule 13a-14(a)/15d-14(a) Certification, executed by Donald A. Miller, CFA, Principal Executive Officer of the Company
31.2	Rule 13a-14(a)/15d-14(a) Certification, executed by Robert E. Bowers, Principal Financial Officer of the Company
32.1	Certification required by Rule 13a-14(b)/15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code, executed by Donald A. Miller, CFA, Chief Executive Officer and President of the Company
32.2	Certification required by Rule 13a-14(b)/15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code, executed by Robert E. Bowers, Chief Financial Officer and Executive Vice-President of the Company

EXHIBIT 31.1
PRINCIPAL EXECUTIVE OFFICER CERTIFICATION
PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Donald A. Miller, CFA, certify that:

1. I have reviewed this Form 10-Q for the quarter ended June 30, 2009 of Piedmont Office Realty Trust, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 13, 2009

By: /s/ Donald A. Miller, CFA
Donald A. Miller, CFA
Chief Executive Officer and President
(Principal Executive Officer)

EXHIBIT 31.2
PRINCIPAL FINANCIAL OFFICER CERTIFICATION
PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert E. Bowers, certify that:

1. I have reviewed this Form 10-Q for the quarter ended June 30, 2009 of Piedmont Office Realty Trust, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 13, 2009

By: /s/ Robert E. Bowers
Robert E. Bowers
Chief Financial Officer and Executive Vice President (Principal Financial Officer)

EXHIBIT 32.1
CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. 1350)

In connection with the Report of Piedmont Office Realty Trust, Inc. (the "Registrant") on Form 10-Q for the quarter ended June 30, 2009, as filed with the Securities and Exchange Commission (the "Report"), the undersigned, Donald A. Miller, CFA, Chief Executive Officer of the Registrant, hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

By: /s/ Donald A. Miller, CFA

Donald A. Miller, CFA
Chief Executive Officer and President
August 13, 2009

EXHIBIT 32.2
CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. 1350)

In connection with the Report of Piedmont Office Realty Trust, Inc. (the “Registrant”) on Form 10-Q for the quarter ended June 30, 2009, as filed with the Securities and Exchange Commission (the “Report”), the undersigned, Robert E. Bowers, Chief Financial Officer of the Registrant, hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

By: /s/ Robert E. Bowers

Robert E. Bowers
Chief Financial Officer
and Executive Vice President
August 13, 2009