

DUKE REALTY CORP
Form DEF 14A
March 15, 2007

Table of Contents

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant **p**
Filed by a Party other than the Registrant **o**

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

Duke Realty Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

Table of Contents

**600 East 96th Street
Suite 100
Indianapolis, Indiana 46240
(317) 808-6000**

March 14, 2007

Dear Shareholder:

The Board of Directors and officers of Duke Realty Corporation join me in extending to you a cordial invitation to attend our annual meeting of shareholders. This meeting will be held on Wednesday, April 25, 2007, at 3:00 p.m. local time, at the Conrad Indianapolis, 50 West Washington Street, Indianapolis, Indiana 46204. To reserve your seat at the annual meeting, please call 800-875-3366 or send an e-mail to *ir@dukerealty.com*. As in past years, we believe that both the shareholders and management of Duke Realty Corporation can gain much through participation at this meeting. Our objective is to make it as informative and interesting as possible.

The formal notice of this annual meeting and the proxy statement appear on the following pages. We hope that you will make plans to attend this meeting. **Whether or not you attend, we urge you to vote by mail, by telephone or on the Internet in order to ensure that we record your votes on the business matters presented at the annual meeting.**

We look forward to seeing you on April 25th.

Sincerely,

Dennis D. Oklak
Chairman and Chief Executive Officer

TABLE OF CONTENTS

<u>Questions and Answers</u>	3
<u>Proposal One: Election of Directors</u>	6
<u>Board Committees</u>	9
<u>2006 Board Committee Membership and Meetings</u>	10
<u>Director Compensation</u>	11
<u>Audit Committee Report</u>	14
<u>Fees Paid to Independent Accountants</u>	15
<u>Report of The Executive Compensation Committee</u>	16
<u>Compensation Committee Interlocks and Insider Participation</u>	17
<u>Compensation Discussion and Analysis</u>	17
<u>Overview of Executive Compensation Philosophy</u>	17
<u>Compensation Elements for Senior Executive Officers</u>	17
<u>Determining the Amount of each Element of Compensation</u>	20
<u>Executive Perquisites</u>	22
<u>Executive Compensation Policy Decisions</u>	22
<u>Executive Compensation</u>	23
<u>Summary Compensation Table</u>	23
<u>Grants of Plan-Based Awards in 2006</u>	25
<u>Outstanding Equity Awards at 2006 Fiscal Year End</u>	26
<u>Option Exercises & Stock Vested in 2006</u>	27
<u>Non-Qualified Deferred Compensation</u>	27
<u>Other Potential Post-Employment Payments</u>	30
<u>Change in Control Provisions under Other Agreements</u>	31
<u>Retirement Provisions under Other Agreements</u>	32
<u>Ownership of Company Shares</u>	33
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	34
<u>Certain Relationships and Related Transactions</u>	34
<u>Proposal Two: Ratification of Reappointment of Independent Registered Public Accounting Firm</u>	34
<u>Shareholder Proposals for 2008 Annual Meeting</u>	34
<u>Annual Report</u>	35
<u>Other Matters</u>	35
<u>Householding of Proxy Material</u>	35

Table of Contents

**600 East 96th Street
Suite 100
Indianapolis, Indiana 46240
(317) 808-6000**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To be held April 25, 2007**

Notice is hereby given that the Annual Meeting of Shareholders, or the Annual Meeting, of Duke Realty Corporation, or the Company, will be held at the Conrad Indianapolis, 50 West Washington Street, Indianapolis, Indiana 46204, on Wednesday, April 25, 2007, at 3:00 p.m. local time. At this meeting, the shareholders will be asked to act on the following:

1. To elect 12 directors to serve on the Company's Board of Directors for a one-year term ending at the annual meeting of shareholders in 2008;
2. To ratify the reappointment by the Board of Directors of KPMG LLP as the Company's independent public accountants for the calendar year 2007; and
3. To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

Only shareholders of record at the close of business on Monday, February 26, 2007 are entitled to notice of and to vote at the Annual Meeting or at any adjournments or postponements thereof. At least a majority of the outstanding shares of common stock of the Company present in person or by proxy is required for a quorum.

YOUR VOTE IS IMPORTANT!

Submitting your proxy does not affect your right to vote in person if you attend the Annual Meeting. Instead, it benefits the Company by reducing the expenses of additional proxy solicitation. Therefore, you are urged to submit your proxy as soon as possible, regardless of whether or not you expect to attend the Annual Meeting. You may revoke your proxy at any time before its exercise by (i) delivering written notice of revocation to the Company's Corporate Secretary, Howard L. Feinsand, at the above address, (ii) submitting to the Company a duly executed proxy card bearing a later date, (iii) voting via the Internet or by telephone at a later date, or (iv) appearing at the Annual Meeting and voting in person; provided, however, that no such revocation under clause (i) or (ii) shall be effective until written notice of revocation or a later dated proxy card is received by the Company's Corporate Secretary at or before the Annual Meeting, and no such revocation under clause (iii) shall be effective unless received on or before 11:59 p.m., Indianapolis local time, on April 5, 2007.

When you submit your proxy, you authorize Dennis D. Oklak or Howard L. Feinsand or either one of them, each with full power of substitution, to vote your shares at the Annual Meeting in accordance with your instructions or, if no instructions are given, to vote for the election of the director nominees, for the appointment of the independent auditors for 2007, and to vote on any adjournments or postponements of the Annual Meeting. The Company's Annual Report for the year ended December 31, 2006 is also enclosed.

By order of the Board of Directors,

Howard L. Feinsand
Executive Vice President,
General Counsel and Corporate Secretary

Indianapolis, Indiana
March 14, 2007

Table of Contents

**600 East 96th Street
Suite 100
Indianapolis, Indiana 46240
(317) 808-6000
QUESTIONS AND ANSWERS**

**PROXY STATEMENT
FOR 2007 ANNUAL MEETING OF SHAREHOLDERS**

Why did I receive this proxy?

The Board of Directors of Duke Realty Corporation, or the Company, is soliciting proxies to be voted at its 2007 Annual Meeting of Shareholders, or the Annual Meeting. The Annual Meeting will be held Wednesday, April 25, 2007, at 3:00 p.m. local time at the Conrad Indianapolis, 50 West Washington Street, Indianapolis, Indiana 46204. For driving directions to the Annual Meeting, please call 800-875-3366. This proxy statement summarizes the information you need to know to vote by proxy or in person at the Annual Meeting. You do not need to attend the Annual Meeting in person in order to vote.

When was this proxy statement mailed?

This proxy statement, the enclosed proxy card and the Annual Report were mailed to shareholders beginning on or about March 14, 2007.

Who is entitled to vote?

All shareholders of record as of the close of business on Monday, February 26, 2007, or the Record Date, are entitled to vote at the Annual Meeting.

What are the quorum requirements for the Annual Meeting?

In order for any business to be conducted, the holders of a majority of the shares of common stock entitled to vote at the Annual Meeting must be present, either in person or represented by proxy. For the purpose of determining the presence of a quorum, abstentions and broker non-votes (which occur when shares held by brokers or nominees for beneficial owners are voted on some matters but not on others) will be counted as present. As of the Record Date, 136,871,501 shares of common stock were issued and outstanding.

How many votes do I have?

Each share of common stock outstanding on the Record Date is entitled to one vote on each item submitted for consideration.

How do I vote?

By Mail: Vote, sign, date your proxy card and mail it in the postage-paid envelope.

In Person: Vote at the Annual Meeting.

By Telephone:

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Call toll-free 800-776-9437 and follow the instructions. You will be prompted for certain information that can be found on your proxy card.

Via Internet: Log on to *www.voteproxy.com* and follow the on-screen instructions. You will be prompted for certain information that can be found on your proxy card.

-3-

Table of Contents

How do I vote my shares that are held by my broker?

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

What am I voting on?

You will be voting on the following proposals:

Proposal One: The election of 12 directors to serve on the Company's Board of Directors for a one-year term ending at the annual meeting of shareholders in 2008.

Proposal Two: The ratification of the reappointment by the Board of Directors of KPMG LLP as the Company's independent public accountants for the calendar year 2007.

Will there be any other items of business on the agenda?

The Board of Directors is not presently aware of any other items of business to be presented for a vote at the Annual Meeting other than the proposals noted above. Nonetheless, in case there is an unforeseen need, your proxy gives discretionary authority to Dennis D. Oklak and Howard L. Feinsand with respect to any other matters that might be brought before the meeting. Those persons intend to vote your proxy in accordance with their best judgment.

How many votes are required to act on the proposals?

The election of each director requires the affirmative vote of at least a majority of the shareholders present in person or represented by proxy and entitled to vote for the election of directors. An abstention, broker non-vote, or direction to withhold authority will result in a nominee receiving fewer votes, and will have the same effect as a vote against the nominee.

The approval of the reappointment of KPMG LLP as the Company's independent public accountants for 2007 requires the affirmative vote of the holders of a majority of the common stock present in person or represented by proxy and entitled to vote at the Annual Meeting. Abstentions and broker non-votes are counted towards a quorum, but will not be treated as a vote against the reappointment and, accordingly, will have no effect on the majority vote required.

If any shareholder proposal is properly presented at the Annual Meeting, approval of the shareholder proposal will require the affirmative vote of the holders of a majority of the common stock present in person or represented by proxy and entitled to vote. Abstentions are counted towards the tabulation of votes and will have the same effect as negative votes. Broker non-votes are counted towards a quorum, but are not counted for any purpose in determining whether this matter has been approved.

What happens if I return my proxy card without voting on all proposals?

When you return a properly executed proxy card, the Company will vote the shares that the proxy card represents in accordance with your directions. If you return the signed proxy card with no direction on a proposal, **the Company will vote your proxy in favor of (FOR) Proposals One and Two.**

What if I want to change my vote after I return my proxy?

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

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

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

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

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

Table of Contents

provided, however, that no such revocation under clause (i) or (ii) shall be effective until written notice of revocation or a later dated proxy card is received by the Company's Corporate Secretary at or before the Annual Meeting, and no such revocation under clause (iii) shall be effective unless received on or before 11:59 p.m., Indianapolis local time, on April 5, 2007.

Will anyone contact me regarding this vote?

It is contemplated that brokerage houses will forward the proxy materials to shareholders at the request of the Company. In addition to the solicitation of proxies by use of the mails, officers and regular employees of the Company may solicit proxies by telephone, facsimile, e-mail, or personal interviews without additional compensation. The Company reserves the right to engage solicitors and pay compensation to them for the solicitation of proxies.

Who has paid for this proxy solicitation?

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

How do I submit a proposal for the annual meeting of shareholders in 2008?

If a shareholder wishes to have a proposal considered for inclusion in the proxy statement for the 2008 annual meeting, he or she must submit the proposal in writing to the Company (Attention: Howard L. Feinsand, Corporate Secretary) so that the Company receives the proposal by November 16, 2007. Shareholders also are advised to review the Company's by-laws, which contain additional advance notice requirements, including requirements with respect to advance notice of shareholder proposals and director nominations.

The Board of Directors of the Company will review any shareholder proposals that are timely submitted and will determine whether such proposals meet the criteria for inclusion in the proxy solicitation materials or for consideration at the 2008 annual meeting. In addition, the persons named in the proxies retain the discretion to vote proxies on matters of which the Company is not properly notified at its principal executive offices on or before 60 days prior to the 2008 annual meeting, and also retain such authority under certain other circumstances.

What does it mean if I receive more than one proxy card?

It means that you have multiple accounts at the transfer agent or with stockbrokers. Please complete and return all proxy cards to ensure that all your shares are voted.

How do I receive future proxy materials electronically?

If you are a shareholder of record, you may, if you wish, receive future proxy statements and annual reports online. To do so, please log on to www.voteproxy.com and click on "Enroll to receive mailings via e-mail." You will need to refer to the company number and the account number on the proxy card. If you later wish to receive the statements and reports by regular mail, this e-mail enrollment may be cancelled.

Can I find additional information on the Company's website?

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

Table of Contents

PROPOSAL ONE: ELECTION OF DIRECTORS

The Company's Board of Directors currently consists of twelve members. Based on the recommendation of the Corporate Governance Committee, the Board of Directors has nominated all of the current directors for re-election to serve for one-year terms that will expire at the Company's 2008 annual meeting of shareholders or until their successors have been elected and qualified. The Board of Directors has also designated Dennis D. Oklak to continue to serve as Chairman of the Board of Directors.

No security holder that held a beneficial ownership interest in the Company's common stock of five percent (5%) or more for at least one year recommended any candidates to serve on the Board of Directors.

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

The election of each director requires the affirmative vote of at least a majority of the shareholders present in person or represented by proxy and entitled to vote for the election of directors. An abstention, broker non-vote, or direction to withhold authority will result in a nominee receiving fewer votes, and will have the same effect as a vote against the nominee.

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

Nominees for Election as Directors

Barrington H. Branch, Age 66

Mr. Branch has served as President of The Branch-Shelton Company, LLC, a private investment banking firm, since 1998. From October 1991 to February 1997, Mr. Branch was President and Chief Executive Officer of DIHC Management Corporation, a wholly owned U.S. real estate investment subsidiary of Pensioenfonds PGGM. He has served as a director of the Company since 1999.

Geoffrey Button, Age 58

Mr. Button has been engaged as an independent real estate and financing consultant since 1995. Prior to December 1995, he was the Executive Director of Wyndham Investments, Ltd., a property holding company of Allied Domecq Pension Funds. Mr. Button has served as a director of the Company since 1993.

William Cavanaugh III, Age 68

Mr. Cavanaugh has served as the Chairman of the World Association of Nuclear Operators (WANO) since 2004. He retired as Chairman of Progress Energy in May 2004 and as Chief Executive Officer in March 2004, posts he held since August 1999. He previously served as President and Chief Executive Officer of Carolina Power & Light Company (CP&L), one of the predecessors to Progress Energy, Inc., from October 1996 to August 1999 and as President and Chief Operating Officer of CP&L from September 1992 to October 1996. He has served as a director of the Company since 1999.

Ngairé E. Cuneo, Age 56

Ms. Cuneo has been a partner of Red Associates, LLC, a venture capital firm in the financial services sector, since 2002. Ms. Cuneo also has served as an Executive Vice President of Forethought Financial Group since 2006. Ms. Cuneo served as a consultant to Conseco, Inc. from March 2001 through December 2001. From 1992 through March 2001, she was an Executive Vice President of Conseco, Inc., an owner, operator and provider of services to companies in the financial services industry. Ms. Cuneo has served as a director of the Company since 1995. The Board of Directors has determined that Ms. Cuneo qualifies as an audit committee financial expert as defined under the applicable rules established by the SEC.

Table of Contents

Charles R. Eitel, Age 57

Mr. Eitel has served as Chairman and Chief Executive Officer of The Simmons Company, an Atlanta based manufacturer of mattresses, since 2000. Prior to that time, Mr. Eitel worked for a number of companies in various capacities, including, but not limited to, president, chief operating officer, and other similar roles. He currently serves on the board of directors of The Simmons Company and American Fidelity Assurance. He has served as a director of the Company since 1999.

R. Glenn Hubbard, Ph.D., Age 48

Dr. Hubbard has served as the Dean of Columbia University Graduate School of Business since 2004. A Columbia faculty member since 1988, he is also the Russell L. Carson Professor of Finance and Economics. Dr. Hubbard is a member of the Panel of Economic Advisers for the Congressional Budget Office, and is a visiting scholar and Director of the Tax Policy Program for the American Enterprise Institute. Dr. Hubbard also serves as a director for ADP, Inc., KKR Financial Corporation, BlackRock Closed-End Funds, and Ripplewood Holdings. In addition, Dr. Hubbard was Chairman of the President's Council of Economic Advisers from 2001 to 2003. Dr. Hubbard has served as a director of the Company since 2005.

Martin C. Jischke, Ph.D., Age 65

Dr. Jischke has been President of Purdue University since 2000. From 1991 to 2000, Dr. Jischke served as President of Iowa State University. Dr. Jischke also served as chancellor of the University of Missouri-Rolla from 1986 to 1991. He serves as a director of Wabash National Corporation, one of the leading manufacturers of truck trailers and composite trailers. Dr. Jischke has served as a director of the Company since 2004.

L. Ben Lytle, Age 60

Mr. Lytle is currently an Independent Management and Healthcare Industry Consultant. Previously, he served as Chairman and CEO of AXIA Health Management, LLC, a health and wellness company, from November 2004 through November 2006. Prior to Axia, Mr. Lytle was a non-executive Chairman of the Board of Wellpoint Inc. (formerly known as Anthem, Inc.), a national insurance and financial services firm, from November 1999 to May 2003. Mr. Lytle served as Anthem's Chairman of the Board and CEO from May 1989 through November 1999. Mr. Lytle has served as a director of the Company since 1996, serves as the chairman of the Company's Corporate Governance Committee, and is the Company's Lead Director. Mr. Lytle also serves on the boards of Healthways, Inc., Monaco Coach, USI Holdings, Inc., and the American Enterprise Institute.

William O. McCoy, Age 73

Mr. McCoy has been a partner of Franklin Street Partners, an investment management firm in Chapel Hill, North Carolina since 1997. From April 1999 to August 2000, Mr. McCoy served as Interim Chancellor of the University of North Carolina at Chapel Hill. Mr. McCoy was Vice President-Finance for the University of North Carolina from February 1995 to November 1998. He retired as Vice Chairman of Bell South Corporation in December 1994. He has served as a director of the Company since 1999. Mr. McCoy also serves on the board of trustees of North Carolina Capital Management Trust.

Dennis D. Oklak, Age 53

Mr. Oklak was named Chief Executive Officer of the Company in April 2004, and was elected Chairman of the Board of Directors in April 2006. Mr. Oklak joined the Company in 1986 and served in various officer positions with the Company from that time until his appointment as Chief Executive Officer. The prior roles include Vice President and Treasurer, Executive Vice President and Chief Administrative Officer, and President and Chief Operating Officer. He is also a member of the board of directors of recreational vehicle manufacturer Monaco Coach Corporation and the board of directors of the Central Indiana Corporate Partnership. Mr. Oklak also serves on the Board of Governors of the National Association of Real Estate Investment Trusts, or NAREIT. Mr. Oklak has served as a director of the

Company since 2004.

Jack R. Shaw, Age 64

Since August 2002, Mr. Shaw has been the Vice President and Treasurer of the Regenstrief Foundation. From 1986 to June 2002, Mr. Shaw served as managing partner of the Indianapolis office of Ernst & Young. He has served as a

Table of Contents

director of the Company since 2003. Mr. Shaw serves or has served on the board of directors of many community organizations including the Arts Council of Indianapolis, the Indianapolis Chamber of Commerce, the Indianapolis Convention and Visitors Association, the Children's Museum of Indianapolis, United Way of Central Indiana, and the Central Indiana Corporate Partnership. In addition, Mr. Shaw serves on the Dean's Advisory Council of the Indiana University Kelley School of Business. The Board of Directors has determined that Mr. Shaw, who serves as chairman of the Company's Audit Committee, qualifies as an audit committee financial expert as defined under the applicable rules established by the SEC.

Robert J. Woodward, Jr., Age 65

Mr. Woodward has served as a director of the Company since 2002. From 1995 to 2002, he was Executive Vice President - Chief Investment Officer of Nationwide Financial Services, Inc., which is one of the largest insurance and financial service organizations in the world. Mr. Woodward currently serves as Chairman of the Board of The Palmer-Donavin Manufacturing Company, a regional building materials distribution company based in Columbus, Ohio. He has held this position since 1997. Mr. Woodward also serves on the Pension Management and Investment Council of Battelle Memorial Institute and as a member of the board of directors of ProCentury Corporation, a publicly bonded insurance holding company. The Board of Directors has determined that Mr. Woodward qualifies as an audit committee financial expert as defined under the applicable rules established by the SEC.

Lead Director

Mr. Lytle serves as the lead director of the Company's Board of Directors. In that capacity, among other things, Mr. Lytle chairs the Company's Corporate Governance Committee and presides over executive sessions of the Company's non-management directors, which are held at least quarterly, and communicates to the Chief Executive Officer the results of such sessions. Accordingly, in establishing the position of lead director, the Company seeks for the Board of Directors to have an appropriate balance between the powers of the Chief Executive Officer and those of the non-management directors.

Independent Directors

Under the Company's articles of incorporation, at least a majority of the directors must consist of persons who are unaffiliated directors, which means only those persons who are not officers or employees of the Company or any of its affiliates. Commencing with the annual meeting of shareholders in 2005, this requirement increased to seventy-five (75%). Because none of Mr. Branch, Mr. Button, Mr. Cavanaugh, Ms. Cuneo, Mr. Eitel, Dr. Hubbard, Dr. Jischke, Mr. Lytle, Mr. McCoy, Mr. Shaw nor Mr. Woodward is currently an officer or employee of the Company or any of its affiliates, over ninety percent (90%) of the Company's current Board of Directors consists of unaffiliated directors.

In addition, under the enhanced corporate governance listing standards of the New York Stock Exchange, or the NYSE, at least a majority of the Company's directors, and all of the members of the Company's Audit Committee, Executive Compensation Committee and Corporate Governance Committee, must meet the test of independence as defined under the listing standards of the NYSE. The NYSE listing standards provide that to qualify as an independent director, in addition to satisfying certain bright-line criteria, the Board of Directors must affirmatively determine that a director has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). In January 2007, the Board of Directors undertook a review of director independence. During this review, the Board of Directors considered, among other things, relationships and transactions during the past three years between each director or any member of his or her immediate family, on the one hand, and the Company and its subsidiaries and affiliates, on the other hand. The purpose of the review was to determine whether any such relationships or transactions were inconsistent with a determination that the director is independent as defined under the NYSE listing standards. Based on the review, the Board of Directors has determined that all of the directors, except Mr. Oklak, are independent under the listing standards of the NYSE.

Table of Contents

BOARD COMMITTEES

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

Audit Committee

The Audit Committee provides assistance to the Board of Directors in fulfilling its responsibility to the shareholders relating to corporate accounting, reporting practices, the quality and integrity of the financial reports, and other operating controls of the Company. The Audit Committee also is responsible for the selection of the independent auditors and oversees the auditors' activities. In addition, the committee supervises and assesses the performance of the Company's internal auditing department.

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

The Board of Directors has determined that each of Ngaire E. Cuneo, Jack R. Shaw, and Robert J. Woodward, Jr. is an audit committee financial expert as defined under the applicable rules of the SEC.

Corporate Governance Committee

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

In determining appropriate candidates to nominate to the Board of Directors and in considering shareholder nominees, the Corporate Governance Committee generally weighs the age, expertise, business experience, character and other board memberships of the candidate. The Board of Directors requires that at least one member of the Board of Directors should meet the criteria for an audit committee financial expert as defined under the rules of the SEC. The Corporate Governance Committee may employ a search firm to identify director candidates. In nominating members to the Board of Directors, the Corporate Governance Committee will consider nominees recommended by shareholders if such recommendations are made in writing to the committee. The Company's by-laws state that the committee must consider such nominees so long as the recommendation is submitted to the Company's Corporate Secretary at least one hundred twenty (120) calendar days before the first anniversary of the date that the Company's proxy statement was released to shareholders in connection with the previous year's annual meeting of shareholders. The Corporate Governance Committee screens all potential candidates in the same manner regardless of the source of recommendation. However, the Corporate Governance Committee may, in its sole discretion, reject any such recommendation for any reason. Shareholder nominations should contain a brief biographical sketch of the candidate, a document indicating the candidate's willingness to serve if elected, and evidence of the nominating person's share ownership.

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

Executive Compensation Committee

The Executive Compensation Committee reviews and approves the compensation of the Chief Executive Officer and the Company's compensation strategies, programs, plans and policies. It also oversees the administration of all Company officer and employee benefit plans. In addition, the committee reviews and determines the individual elements of compensation for the executive officers of the Company. The Executive Compensation Committee operates under a written charter, which is available on the Investor Relations/Corporate Governance section of the Company's website at www.dukerealty.com.

Table of Contents**Finance Committee**

The Finance Committee reviews the current and long-term capital raising strategies and policies of the Company, including significant borrowings, the issuance and redemption of preferred and common stock, the establishment and payment of dividends and other significant financial transactions. The committee also reviews and authorizes property developments, property acquisitions, property dispositions and lease transactions exceeding certain threshold amounts established by the Board. The Finance Committee operates under a written charter, which is available on the Investor Relations/Corporate Governance section of the Company's website at www.dukerealty.com.

2006 BOARD COMMITTEE MEMBERSHIP AND MEETINGS

The table below provides current membership and meeting information for each of the Board committees during 2006.

	Board	Audit	Executive Compensation	Finance	Corporate Governance
Mr. Branch	Member		Member		
Mr. Button	Member	Member		Member	
Mr. Cavanaugh	Member				Member
Ms. Cuneo	Member	Member		Member	
Mr. Eitel	Member		Chair		
Dr. Hubbard	Member		Member		
Dr. Jischke	Member		Member		
Mr. Lytle	Lead Director				Chair
Mr. McCoy	Member				Member
Mr. Oklak	Chair				
Mr. Shaw	Member	Chair		Member	
Mr. Woodward	Member	Member		Chair	
Number of 2006 Meetings	5	7	4	5	4

The independent directors met separately in executive sessions four times in 2006, in addition to the committee meetings noted above. As Lead Director, Mr. Lytle presided over each of these executive sessions.

Majority Voting Policy for Director Elections

In January 2006, the Board of Directors voted to amend the Company's corporate governance guidelines in order to adopt a majority voting policy. In any non-contested election of directors, any nominee for director who receives a greater number of votes withheld from his or her election than votes for such election, or a Majority Withheld Vote, shall promptly tender his or her resignation following certification of the shareholder vote. The Corporate Governance Committee shall consider the resignation offer and recommend to the Board the action to be taken with respect to such offer of resignation. Within 90 days following certification of the shareholder vote, the Board of Directors will act on the recommendation of the Corporate Governance Committee.

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

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

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

Table of Contents

Communications from Shareholders

As required by the listing standards established by the NYSE, the Company provides a procedure for the Board of Directors to accept communications from shareholders of the Company that are reasonably related to protecting or promoting legitimate shareholder interests. Such procedure can be found on the Investor Relations/Corporate Governance section of the Company's website at www.dukerealty.com. The Company believes that providing a method for interested parties to communicate with the non-management directors of the Board of Directors and/or the entire Board of Directors provides a more confidential, candid and efficient method of relaying any interested parties concerns or comments. Such communications should be directed to the non-management directors by writing to: Non-Management Directors, c/o Corporate Secretary, Duke Realty Corporation, 600 East 96th Street, Suite 100, Indianapolis, Indiana 46240. Communications should be directed to the entire Board of Directors by writing to: Board of Directors, c/o Corporate Secretary, Duke Realty Corporation, 600 East 96th Street, Suite 100, Indianapolis, Indiana 46240.

Attendance at Board Meetings and the Annual Meeting

In 2006, all directors attended at least seventy-five percent (75%) of the meetings of the Board of Directors, including meetings of the committees of which they were members. The Company encourages all of its directors to attend the Annual Meeting and, in 2006, all directors attended such meeting.

DIRECTOR COMPENSATION

The Company does not pay directors who are also employees of the Company additional compensation for their services as directors. The non-employee directors currently are entitled to receive the following compensation:

\$60,000 per year paid quarterly in shares of the Company's common stock, or the Annual Retainer Fee;

\$3,500 for attendance at each meeting of the Board of Directors, whether telephonically or in person;

\$1,000 for participation in each meeting, whether telephonically or in person, of the committees of the Board of Directors, not held in conjunction with a quarterly Board of Directors meeting;

\$10,000 as an annual supplemental retainer for the chairman of the Audit Committee and \$6,500 for all other committee chairs; and

\$2,000 as an annual supplemental retainer for the Lead Director.

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

Each non-employee director also receives an annual grant of restricted stock units pursuant to the Company's 2005 Non-Employee Director Compensation Plan. These awards currently have the following terms:

The grant date is February 10th of each year.

The awards vest in full on the first anniversary of the grant date.

The number of restricted stock units awarded is determined by dividing the annual grant value of \$35,000 by the closing stock price on the date of grant.

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

Pursuant to the Company's 2005 Non-Employee Directors' Compensation Plan, non-employee directors may elect to receive all or a portion of their board attendance fees in shares of the Company's common stock rather than in cash. The number of shares any such non-employee director receives is equal to the attendance fee otherwise payable divided by the closing price of the common stock on the date the fee was earned.

Table of Contents

Non-employee directors may elect to defer receipt of all or a portion of the director fees payable in cash, stock or restricted stock unit awards pursuant to the Company's Directors' Deferred Compensation Plan. The deferred fees and earnings thereon are to be paid to the directors after they cease to be members of the Board. Deferred fees that are otherwise payable in shares of the Company's common stock must be invested in a deferred stock account. Annual cash fees may be deferred in either a deferred stock account or an interest account.

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

Interest Account. Through December 31, 2006, amounts in this account earned interest at the prime rate, as adjusted quarterly. Beginning in 2007, amounts in this account earn interest at a rate equal to one hundred and twenty percent (120%) of the long-term applicable federal rate, as published by the Internal Revenue Service.

The following table sets forth compensation information for all of the Company's directors for the fiscal year ended December 31, 2006. The compensation amounts included for equity based awards represent the compensation cost recognized for financial statement purposes under the Financial Accounting Standards Board Statement of Financial Standards No. 123, as revised (FAS 123R):

Director Compensation Table

**Change in
Pension
Value and
Nonqualified**