UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
for the quarterly period ended September 30, 2007

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 0-25739

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)**

6200 The Corners Parkway

Ste. 500

Norcross, Georgia 30092

(Address of principal executive offices)

(Zip Code)

(770) 325-3700

(Registrant s telephone number, including area code)

Wells Real Estate Investment Trust, Inc.

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

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

Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act (check one).

Large Accelerated filer ¨ Accelerated filer ¨ Non-Accelerated filer x

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

Yes ¨ No x

Number of shares outstanding of the registrant s

only class of common stock, as of October 31, 2007: 492,566,961 shares

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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 of Piedmont Office Realty Trust, Inc. (Piedmont), formerly known as Wells Real Estate Investment Trust, Inc., other than historical facts may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act) and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). We intend for all such forward-looking statements to be covered by the applicable safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act and Section 21E of the Exchange Act, as applicable. Such statements include, in particular, statements about our plans, strategies, and prospects and are subject to certain risks and uncertainties, including known and unknown risks, which could cause actual results to differ materially from those projected or anticipated. Therefore, such statements are not intended to be a guarantee of our performance in future periods. Such forward-looking statements can generally be identified by our use of forward-looking terminology such as may, will, expect, intend, anticipate, estimate, believe, continue, or other similar words. Readers are cautione undue reliance on these forward-looking statements, which speak only as of the date this report is filed with the Securities and Exchange Commission. We cannot guarantee the accuracy of any such forward-looking statements contained in this Form 10-Q, and we do not intend to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Any such forward-looking statements are subject to risks, uncertainties, and other factors and are based on a number of assumptions involving judgments with respect to, among other things, future economic, competitive, and market conditions, all of which are difficult or impossible to predict accurately. To the extent that our assumptions differ from actual results, our ability to meet such forward-looking statements, including our ability to generate positive cash flow from operations, provide dividends to stockholders, and maintain the value of our real estate properties, may be significantly hindered. See Item 1A. of Part II of this report on Form 10-Q for a discussion of some, although not all, of the risks and uncertainties that could cause actual results to differ materially from those presented in our forward-looking statements.

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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, 2006. Piedmont s results of operations for the three months and nine months ended September 30, 2007 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) September 30, 2007	December 31, 2006
Assets:		
Real estate assets, at cost:		
Land	**$ 634,681**	$ 638,733
Buildings and improvements, less accumulated depreciation of $451,772 and $395,110 as of September 30, 2007 and December 31, 2006, respectively	**3,025,292**	3,114,171
Intangible lease assets, less accumulated amortization of $162,337 and $142,977 as of September 30, 2007 and December 31, 2006, respectively	**191,668**	223,085
Construction in progress	**35,321**	28,032
Total real estate assets	**3,886,962**	4,004,021
Investments in unconsolidated joint ventures	**52,542**	56,789
Cash and cash equivalents	**58,847**	44,131
Tenant receivables, net of allowance for doubtful accounts of $2,200 and $1,678 as of September 30, 2007 and December 31, 2006, respectively	**120,372**	107,243
Due from unconsolidated joint ventures	**1,112**	1,230
Prepaid expenses and other assets	**26,215**	22,423
Goodwill	**180,117**	
Deferred financing costs, less accumulated amortization of $5,726 and $6,885 as of September 30, 2007 and December 31, 2006, respectively	**9,926**	9,485
Deferred lease costs, less accumulated amortization of $95,981 and $77,695 as of September 30, 2007 and December 31, 2006, respectively	**201,030**	205,368
Total assets	**$ 4,537,123**	$ 4,450,690
Liabilities:		
Lines of credit and notes payable	**$ 1,188,197**	$ 1,243,203
Accounts payable, accrued expenses, and accrued capital expenditures	**108,731**	92,023
Due to affiliates		1,232
Deferred income	**24,014**	24,117
Intangible lease liabilities, less accumulated amortization of $49,324 and $42,738 as of September 30, 2007 and December 31, 2006, respectively	**87,933**	97,239
Total liabilities	**1,408,875**	1,457,814
Commitments and Contingencies		
Minority Interest	**6,372**	6,050
Redeemable Common Stock	**196,275**	136,129
Stockholders Equity:		
Common stock, $.01 par value; 900,000,000 shares authorized; 492,565,335 shares issued and outstanding at September 30, 2007; and 465,880,274 shares issued and outstanding at December 31, 2006	**4,925**	4,659
Additional paid-in capital	**3,597,156**	3,358,933
Cumulative distributions in excess of earnings	**(480,205)**	(376,766)
Redeemable common stock	**(196,275)**	(136,129)

Total stockholders equity	**2,925,601**	2,850,697
Total liabilities, minority interest, redeemable common stock, and stockholders equity	**$ 4,537,123**	$ 4,450,690

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 September 30,		(Unaudited) Nine Months Ended September 30,	
	2007	**2006**	**2007**	**2006**
Revenues:				
Rental income	**$ 110,982**	$ 109,037	**$ 333,094**	$ 324,558
Tenant reimbursements	**37,815**	34,171	**108,555**	97,462
Property management fee revenue	**682**		**1,111**	
Gain on sale of real estate assets			**50**	
Other rental income	**382**	8,439	**1,429**	9,784
	149,861	151,647	**444,239**	431,804
Expenses:				
Property operating costs	**55,678**	50,327	**160,722**	145,960
Asset and property management fees:				
Related party		6,158	**8,452**	18,028
Other	**489**	1,202	**3,632**	3,945
Depreciation	**24,026**	22,724	**70,915**	67,163
Amortization	**17,531**	18,918	**52,181**	53,020
General and administrative	**8,402**	5,491	**21,245**	15,190
Casualty and impairment losses on real estate assets				100
	106,126	104,820	**317,147**	303,406
Real estate operating income	**43,735**	46,827	**127,092**	128,398
Other income (expense):				
Interest expense	**(15,616)**	(15,582)	**(47,282)**	(45,121)
Interest and other income	**806**	949	**3,657**	1,930
Equity in income of unconsolidated joint ventures	**485**	461	**3,168**	1,623
Loss on extinguishment of debt	**(104)**		**(164)**	
	(14,429)	(14,172)	**(40,621)**	(41,568)
Income from continuing operations before minority interest	**29,306**	32,655	**86,471**	86,830
Minority interest in earnings of consolidated entities	**(163)**	(158)	**(530)**	(492)
Income from continuing operations	**29,143**	32,497	**85,941**	86,338
Discontinued operations:				
Operating income	**6**	2,317	**861**	7,033
Gain on sale of real estate assets	**10**	13,434	**20,680**	14,618
Income from discontinued operations	**16**	15,751	**21,541**	21,651

Net income	**$**	**29,159**	$	48,248	**$**	**107,482**	$	107,989
Per share information basic:								
Income from continuing operations	**$**	**0.06**	$	0.07	**$**	**0.18**	$	0.19
Income from discontinued operations	**$**		$	0.03	**$**	**0.04**	$	0.04
Net income available to common stockholders	**$**	**0.06**	$	0.10	**$**	**0.22**	$	0.23
Per share information diluted:								
Income from continuing operations	**$**	**0.06**	$	0.07	**$**	**0.18**	$	0.19
Income from discontinued operations	**$**		$	0.03	**$**	**0.04**	$	0.04
Net income available to common stockholders	**$**	**0.06**	$	0.10	**$**	**0.22**	$	0.23
Weighted-average common shares outstanding basic		**488,623,792**		459,656,041		**478,682,376**		461,554,301
Weighted-average common shares outstanding diluted		**488,831,780**		459,656,041		**478,785,990**		461,554,301

See accompanying notes.

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PIEDMONT OFFICE REALTY TRUST, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2006

AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007 (UNAUDITED)

(in thousands, except per share amounts)

	Common Stock		Additional	Cumulative Distributions	Redeemable	Total
	Shares	Amount	Paid-In Capital	in Excess of Earnings	Common Stock	Stockholders Equity
Balance, December 31, 2005	469,423	$ 4,694	$ 3,391,998	$ (240,530)	$ (167,015)	$ 2,989,147
Issuance of common stock	18,097	181	151,471			151,652
Redemptions of common stock	(21,640)	(216)	(181,126)			(181,342)
Redeemable common stock					30,886	30,886
Dividends ($0.5868 per share)				(269,560)		(269,560)
Commissions and discounts on stock sales			(3,363)			(3,363)
Other offering costs			(47)			(47)
Net income				133,324		133,324
Balance, December 31, 2006	465,880	4,659	3,358,933	(376,766)	(136,129)	2,850,697
Issuance of common stock	**32,769**	**327**	**274,279**			**274,606**
Redemptions of common stock	**(6,263)**	**(63)**	**(52,423)**			**(52,486)**
Redeemable common stock					**(60,146)**	**(60,146)**
Dividends ($0.4401 per share)				**(210,921)**		**(210,921)**
Premium on stock sales			**13,778**			**13,778**
Shares issued under the 2007 Omnibus Incentive Plan, net of tax	**179**	**2**	**2,617**			**2,619**
Other offering costs			**(28)**			**(28)**
Net income				**107,482**		**107,482**
Balance, September 30, 2007	**492,565**	**$ 4,925**	**$ 3,597,156**	**$ (480,205)**	**$ (196,275)**	**$ 2,925,601**

See accompanying notes.

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PIEDMONT OFFICE REALTY TRUST, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	(Unaudited) Nine months ended September 30, 2007	2006
Cash Flows from Operating Activities:		
Net income	**$ 107,482**	$ 107,989
Operating distributions received from unconsolidated joint ventures	**3,866**	3,474
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	**71,226**	69,632
Other amortization	**52,474**	52,850
Casualty and impairment loss		100
Amortization of deferred financing costs and fair market value adjustments on notes payable	**911**	906
Stock-based compensation expense	**2,931**	
Loss on extinguishment of debt	**164**	
Equity in income of unconsolidated joint ventures	**(3,168)**	(1,623)
Minority interest in earnings of consolidated entities	**530**	492
Gain on sale of real estate assets	**(20,730)**	(14,618)
Changes in assets and liabilities:		
Increase in tenant receivables, net	**(13,731)**	(11,441)
Increase in prepaid expenses and other assets	**(11,684)**	(11,438)
Increase in accounts payable, accrued expenses, and accrued capital expenditures	**18,913**	7,094
Decrease in due to affiliates	**(1,232)**	(2,056)
Decrease in deferred income	**(103)**	(849)
Net cash provided by operating activities	**207,849**	200,512
Cash Flows from Investing Activities:		
Investment in real estate and earnest money paid	**(45,896)**	(169,343)
Proceeds from master leases		963
Cash acquired upon internalization acquisition	**1,212**	
Investment in internalization costs goodwill	**(4,623)**	
Net sale proceeds from wholly owned properties	**75,492**	48,302
Net sale proceeds received from unconsolidated joint ventures	**4,281**	
Investments in unconsolidated joint ventures	**(613)**	(284)
Acquisition and advisory fees paid		(2,485)
Deferred lease costs paid	**(15,067)**	(20,691)
Net cash provided by (used in) investing activities	**14,786**	(143,538)
Cash Flows from Financing Activities:		
Deferred financing costs paid	**(1,915)**	(944)
Proceeds from lines of credit and notes payable	**111,450**	470,360
Repayments of lines of credit and notes payable	**(164,441)**	(271,698)
Prepayment penalty on extinguishment of debt	**(1,617)**	
Issuance of common stock	**112,603**	112,796
Redemptions of common stock	**(53,042)**	(173,593)
Dividends paid	**(210,929)**	(201,856)
Commissions on stock sales		(3,700)
Other offering costs paid	**(28)**	(44)

Net cash (used in) provided by financing activities	**(207,919)**	(68,679)
Net increase (decrease) in cash and cash equivalents	**14,716**	(11,705)
Cash and cash equivalents, beginning of period	**44,131**	48,973
Cash and cash equivalents, end of period	**$ 58,847**	$ 37,268

See accompanying notes.

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PIEDMONT OFFICE REALTY TRUST, INC.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2007

(unaudited)

1. Organization

Piedmont Office Realty Trust, Inc. (Piedmont), formerly known as Wells Real Estate Investment Trust, Inc., 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, L.P. (Piedmont OP), formerly known as Wells Operating Partnership, L.P., a Delaware limited partnership. Piedmont is the sole general partner and possesses full legal control and authority over the operations of Piedmont OP. On April 16, 2007, Piedmont consummated a transaction to internalize the functions of Piedmont s advisor companies and became a self-managed entity (the Internalization). As a result of the Internalization transaction, on April 16, 2007, Wells Capital, Inc. (Wells Capital) withdrew as a limited partner from Piedmont OP, and a wholly owned corporate subsidiary of Piedmont was admitted as the sole limited partner of Piedmont OP. Piedmont OP owns properties directly, through wholly owned subsidiaries, through certain joint ventures with real estate limited partnerships sponsored by its former advisor, and through certain joint ventures with other third parties. References to Piedmont herein shall include Piedmont and all of its subsidiaries, including Piedmont OP and its subsidiaries, and consolidated joint ventures.

As of September 30, 2007, Piedmont owned interests in 82 buildings, either directly or through joint ventures, comprising approximately 21.0 million square feet of commercial office and industrial space, located in 23 states and the District of Columbia. As of September 30, 2007, these properties were approximately 94% leased.

Since its inception, Piedmont has completed four public offerings of common stock for sale at $10 per share. Combined with Piedmont s dividend reinvestment plan (the DRP), such offerings have provided approximately $5.5 billion in total offering proceeds. 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 $464.0 million in commissions on stock sales and related dealer-manager fees; and (3) approximately $62.7 million in organization and other offering costs. In addition, Piedmont has used approximately $627.1 million to redeem shares pursuant to Piedmont s share redemption program, and to repurchase shares as a result of a legal settlement in one instance. The remaining net offering proceeds of approximately $4.2 billion were invested in real estate, and Piedmont s fourth public offering closed on July 25, 2004.

Piedmont registered an additional 100 million shares of common stock with the Securities and Exchange Commission (the SEC) for issuance pursuant to its DRP under a Registration Statement on Form S-3 (Commission File No. 333-114212), which became effective on April 5, 2004. Additionally, Piedmont registered 14.0 million shares of common stock with the SEC for issuance under its 2007 Omnibus Incentive Plan under a Registration Statement on Form S-8 (Commission File No. 333-142448), which became effective on April 30, 2007.

Piedmont s stock is not listed on a national exchange. However, Piedmont s charter requires Piedmont to begin the process of liquidating its investments and distributing the resulting proceeds to the stockholders if its common stock is not listed on a national securities exchange or over-the-counter market by January 30, 2008 (the Liquidation Date). This provision of Piedmont s charter can only be amended by a vote of Piedmont s stockholders. In connection with Piedmont s 2007 annual meeting of stockholders, Piedmont has prepared proxy materials for this annual meeting on December 13, 2007, which include a proposal to extend the Liquidation Date to July 30, 2009, and in the board of directors discretion, to extend further the Liquidation Date to January 30, 2011.

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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, 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, 2006.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets are primarily comprised of prepaid taxes, insurance and operating costs, escrow accounts held by lenders to pay future real estate taxes, insurance and tenant improvements, earnest money paid in connection with future acquisitions, and costs incurred related to a potential offering of shares. Prepaid expenses and other assets will be expensed as utilized or reclassified to other asset or equity accounts upon being put into service in future periods. Balances without a future economic benefit are written off as they are identified. As of September 30, 2007, Piedmont has approximately $2.0 million of costs incurred related to a potential offering of shares, which are classified as prepaid expenses and other assets in the accompanying consolidated balance sheet.

Goodwill

Piedmont accounts for goodwill in accordance with SFAS No. 142, *Goodwill and Other Intangible Assets* (SFAS 142). 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. Piedmont tests the carrying value of its 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.

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) Piedmont may not redeem in excess of 5% of the weighted-average common shares outstanding during the prior calendar year during any calendar year; and (ii) in no event shall the 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. Accordingly, pursuant to Accounting Series Release No. 268, *Presentation in Financial Statements Redeemable Preferred Stock*, Piedmont has recorded redeemable common stock equal to the aggregate amount of proceeds received under the DRP, less the aggregate amount incurred to redeem shares under Piedmont s share redemption program of $196.3 million and $136.1 million as of September 30, 2007 and December 31, 2006, respectively. Further, upon being tendered for redemption by the holder, Piedmont reclassifies redeemable common shares from mezzanine equity to a liability at settlement value. As of September 30, 2007 and December 31, 2006, respectively, approximately $0.0 million and $0.8 million of shares tendered for redemption have not been redeemed, and are, therefore, included in accounts payable, accrued expenses, and accrued capital expenditures in the accompanying consolidated balance sheets. In anticipation of a potential liquidation event, the board of directors of Piedmont temporarily suspended its share redemption program effective April 20, 2007.

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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 adjusted REIT taxable income, as defined by the Code, to its stockholders. As a REIT, Piedmont generally is not subject to income tax on income it distributes to stockholders. 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 accompanying consolidated financial statements.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period financial statement presentation.

Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 157, *Fair Value Measurements (SFAS 157),* which defines fair value, establishes a framework for measuring fair value, and expands disclosures required for fair value measurements under GAAP. SFAS 157 emphasizes that fair value is a market-based measurement, as opposed to a transaction-specific measurement. SFAS 157 will be effective for Piedmont beginning January 1, 2008. Piedmont is currently assessing the provisions and evaluating the financial statement impact of SFAS 157 on its consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (SFAS 159). SFAS 159 permits entities to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS 159 will be effective for Piedmont beginning January 1, 2008, with early adoption permitted provided Piedmont also elects to apply the provisions of SFAS 157. Piedmont is currently assessing the provisions and evaluating the financial statement impact of SFAS 159 on its consolidated financial statements.

In June 2007, the American Institute of Certified Public Accountants (AICPA) issued Statement of Position (SOP) 07-1, *Clarification of the Scope of the Audit and Accounting Guide Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies*, which provides guidance for determining which entities fall within the scope of the AICPA Audit and Accounting Guide for Investment Companies and requires additional disclosures for certain of those entities. The effective date of SOP 07-1 has been deferred indefinitely by the FASB. Piedmont will continue to assess the provisions and evaluate the financial statement impact of SOP 07-1 on its consolidated financial statements.

3. Internalization Transaction

On April 16, 2007, Piedmont closed the Internalization transaction. In connection with the closing, Piedmont acquired all of the outstanding shares of the capital stock of Wells Real Estate Advisory Services, Inc. (WREAS) and Wells Government Services, Inc. (WGS) by merging such entities with and into two wholly owned limited liability companies, WRT Acquisition Company, LLC (WRT Acquisition) and WGS Acquisition Company, LLC (WGS Acquisition) for total consideration of $175 million, comprised entirely of 19,546,302 shares of Piedmont s common stock, which constituted approximately 4.0% of Piedmont s outstanding common stock as of September 30, 2007. For purposes of determining the amount of consideration paid, the parties to the transaction agreed to value the shares of Piedmont s common stock at a per share price of $8.9531. The purchase price included, among other things, certain net assets of Piedmont s former advisor, as well as the termination of Piedmont s obligation to pay certain fees required pursuant to the terms of the in-place agreements with the advisor including, but not limited to, disposition fees, listing fees, and incentive fees. See Note 7 below for more detail.

In addition, in connection with the transaction, Wells Capital exchanged the 20,000 limited partnership units it previously owned in Piedmont OP to Piedmont Office Holdings, Inc. (a newly formed, wholly owned taxable REIT subsidiary of Piedmont formerly known as Wells REIT Sub, Inc.) for 22,339 shares of Piedmont s common stock.

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For financial reporting purposes, Piedmont accounted for the Internalization transaction as a consummation of a business combination between parties with a pre-existing relationship, specifically the purchase consideration was allocated to identifiable tangible and intangible assets, with the remainder allocated to goodwill. The computation of goodwill is as follows:

		September 30, 2007
		(in thousands)
Piedmont shares of common stock issued as consideration (19,546,302 shares issued at $8.9531 per share)	$	175,000
Assets acquired related to acquisition of former advisor companies		(1,409)
Liabilities assumed related to acquisition of former advisor companies		1,264
Subtotal		174,855
Acquisition costs and fees		5,262
Goodwill	**$**	**180,117**

Piedmont believes that the acquisition of the outstanding shares of the capital stock of WREAS and WGS by merging such entities with and into two wholly owned limited liability companies, WRT Acquisition and WGS Acquisition, will qualify as a tax free reorganization under Internal Revenue Code Section 368(a)(1)(A).

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4. Dispositions of Real Estate Assets

Discontinued Operations

The results of operations for the Citigroup Fort Mill Building (sold in March 2007), the Videojet Technology Building (sold in March 2007), the Frank Russell Building (sold in December 2006), the Northrop Grumman Building (sold in July 2006), and the IRS Daycare Building (sold in April 2006) are classified as discontinued operations in the accompanying consolidated statements of income. The details comprising income from discontinued operations are provided below (in thousands):

Nine Months Ended

September 30,

nstruction equipment since October 1996. Similar to the type approval system for noise emission, the maximum standards for vibration set by MLIT are not legally bi nt equipment, and requires such products to bear a CE-mark and indicate their guaranteed sound-power level before they could be sold in the European market. Unde

used in the EU member states, the new Directive recommended decals (pictorial diagrams) to be placed on the equipment warning the operator of safety and handling

r (2) electrical discharge of the battery when the equipment is not in use for long periods of time) and decals, to respond to the new Chinese safety requirements.

pe, respectively.

n breaking rocks and demolition, initially in the United States and China.

18

2,917
323
1,787
2,422
710
452
97
829
1,087
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205
721

646
829
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463
420
1,496
323
840
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506
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248
86

nd streamline production.

23

4. Information on the Company.

rary housing units leveled off as the restoration and reconstruction of the Great East Japan Earthquake progressed.

ies received since its introduction in Japan, Komatsu introduced its FH Series to the overseas markets in February 2013. Komatsu continues to make steady and soun

24

ector as well as demand in the rental and energy development industries. In the Strategic Markets, while sales in China and Asia (including Indonesia) decreased as m

vo press and the PVS8525 servo press brake to the market, which followed the launch of the NTG-4SP grinding machine in November 2012.

25

2012

1,981,763 million
258,663 million
256,343 million
12.9%
17.3%
0.56

26

nvestment by automobile manufacturers, sales of wire saws for use in slicing silicon ingots for the solar cell market decreased in part due to a slowdown in China s e

27

significant shift in the economic environment, it is possible that the accuracy of its estimates could be affected and thus its financial position and results of operations

extent Komatsu s management believes that any such recovery is not likely, each group company establishes a valuation allowance to reduce the amount of deferred

28

praisals or other valuation methods. If the carrying amount of the goodwill of the reporting unit exceeds the implied fair value of that goodwill, an impairment loss is affiliates at present, if the performance and business conditions of any subject company deteriorate due to a change in business circumstances, Komatsu may recogni

30

	2012
1,981,763	
1,440,765	
282,335	
3,106	
786	
256,343	
3,776	
(7,784)	
(2,726)	
(6,734)	
249,609	
66,420	
8,050	
74,470	
175,139	
1,609	
176,748	
9,707	
167,041	
173.47	
173.32	
41.00	

32

1,739,348
286,342
443,044
200,404
201,312
481,277
126,969
4,925
1,744,273
242,415
8,724
251,139
(13,649)
1,981,763
246,291
16,779
263,070

34

nand for mining equipment remained strong, centering on copper mines in Chile and Peru, while demand for construction equipment was sluggish in Brazil. As a resu

ed firm, especially in gold mines, and sales increased from the fiscal year ended March 31, 2012. The increase in sales in CIS, however, was not sufficient to offset th

ale delivery of driverless dump trucks to iron ore mines in Australia pursuant to the Memorandum of Understanding between it and Rio Tinto signed in November 20

35

in southern Africa.

	2011
1,843,127	
1,343,464	
264,691	
5,142	
(6,901)	
222,929	
4,493	
(6,475)	
(1,138)	
(3,120)	
219,809	
57,923	
6,783	
64,706	
155,103	
2,724	
157,827	
(7,075)	
150,752	
155.77	
155.66	
26.00	

vious fiscal year in part because it was able to quickly restore its production facilities to normal conditions after the Great East Japan Earthquake and subsequent tsun

estments made by the automobile manufacturing industry, which showed signs of recovery. In addition, Gigaphoton Inc. became a consolidated subsidiary in May 20 ecreased by 0.2 percentage points to 14.2% as compared to 14.4% for the fiscal year ended March 31, 2011, due to Komatsu s continuous efforts to decrease fixed co

r ended March 31, 2011.

39

40

1,615,689
251,597
386,758
164,007
334,270
374,577
104,480
2,392
1,618,081
227,438
10,916
238,354
(13,308)
1,843,127
220,830
20,965
241,795

xchange rates as the Japanese yen strengthened sharply against the U.S. dollar, Euro and Renminbi (which decreased net sales in this operating segment by approxima

s first fiscal quarter (quarter ended June 30, 2011), as well as hybrid hydraulic excavators. In particular, Komatsu reinforced its sales promotion activities in respect

trong, especially with respect to mining equipment against the backdrop of increasing commodity prices. In November 2011, Komatsu and Rio Tinto entered into a M

of the equipment to such distributors, which also contributed to an increase in sales in this region.

42

ufacturing industry, and contributed to the increase in net sales of the Industrial Machinery and Others operating segment. The addition of Gigaphoton Inc. as a conso

08
39)
81
95)
45)
24

79

43

business to secure specific purchase orders in the amount of ¥14,719 million. The advance payment from the customer will be recorded as a sale when the correspond s capital investment plans for the fiscal year ending March 31, 2014, see Item 4.D. Property, Plants and Equipment.

nent contains specific provisions for the right to offset positive and negative cash balances on a global basis. Komatsu s consolidated Balance Sheet as of March 31, 2

ssuer entities can issue notes in various currencies under the EMTN program. The principal amount of notes outstanding as of March 31, 2013 under the EMTN progr

Komatsu is striving to achieve the complete automation of its equipment and is making advances to actively use ICT in its construction, mining and utility equipment

Stage IIIB), which were phased in starting in 2011, are another example of Komatsu s R&D efforts to date. These pieces of construction equipment have been releas

49

	¥
26,862	
4,645	
5,201	
5,077	
41,785	¥

50

Board of Directors

Kunio Noji

Tetsuji Ohashi*

Mikio Fujitsuka*

Kensuke Hotta

Audit & Supervisory Board Members

Makoto Okitsu

58

Kunihiro Matsuo

The Company has established the Office of Auditors   Staff and assigned five employees who work as full-time and part-time assistants to the Audit & Supervisory B

60

d confirm important financial statement matters at the end of the second quarter and the fiscal year-end. Furthermore, Audit & Supervisory Board Members evaluate t

62

l of Directors and Audit & Supervisory Board Members, respectively, the determined remuneration is subject to approval at the general meeting of shareholders in ac

ers and are incentivized to work towards enhancing the long-term corporate value of the Company. In the event that the variable remuneration is 0%, only the fixed, r

70%
30%

63

230
(9)

( )
230
(9)

any) for the yearly remuneration for Directors of the Company in the form of stock acquisition rights (of which no more than ¥50 million shall be allocated to Outsid

Total

151

137

90

64

been calculated by multiplying the fair value per share (¥1,470 per share) as of the grant date (August 1, 2012) by the number of shares granted.

105
40
20
17
12
10
9
1
17
15
16
3
269

68

69

ncluding the interim dividend of ¥24 per share, amounted to ¥48 per share (an increase of ¥6 per share as compared to the annual cash dividends for the previous fisc

71

72

High

ortunity for his or her personal benefit or for the benefit of a third party, although such a conduct may be restricted by the duty of faithfulness (Art. 355).

proxy and the place to receive notice on file through Securities Companies and JASDEC, as prescribed by JASDEC.

ompany is able to stipulate in its Articles of Incorporation that it can basically (i.e., other than the cases where its non-consolidated annual financial statements and cer

77

ing rights of such shareholder does not have voting rights. Shareholders may exercise their voting rights through proxies in accordance with the Company s Articles vo weeks prior to the allotment date unless the terms of such issuance are already disclosed in a securities registration statement or other disclosure document.

with respect to the Implementation of Tax Treaties, if the tax rate under Japanese tax law is lower than the treaty rate (which is currently the case with respect to the any, a partnership or other flow-through entity, a dealer in securities or currencies, an insurance company, a securities trader electing to account for its investment in s

85

. federal income tax treatment of foreign currency gain or loss.

86

s a PFIC for any taxable year during which a U.S. holder held shares of common stock or ADSs, certain adverse tax consequences could apply to such U.S. holder. If

FIC and thereafter, other than the year of the disposition or distribution, would be subject to tax at the highest rate in effect in each such taxable year for individuals or

a credit against or refund of the U.S. holder s U.S. federal income tax liability provided that the required information is furnished to the IRS in a timely manner.

es)

SEK/EUR

¥

¥

EUR/US$

12 ¥

AR

04) ¥

89

		2016
	¥	
		33,435
		24,529
		52,914
	¥	110,878

2015		
	13,873	¥
	6,200	
	900	
	1,778	
	843	
	40	
	23,634	¥

90

from investors.

PART II

in accordance with authorizations of management and directors of Komatsu and (3) provide reasonable assurance regarding prevention or timely detection of unauth

¥

¥

94

PART III

SIGNATURES

KOMATSU LTD. AND CONSOLIDATED SUBSIDIARIES

INDEX TO

CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

F-4

63
65
35
06
86
43
76
84)
26)
34)
09
20
50
70
39
09
48
07
41
47
32
00

8

2)
5
3)
6)

6)

2
5

7

F-5

		Treasury stock
(95,634)	¥	
7		
(37,237)		
1,978		
(91)		
(82)		
(131,059)	¥	
34		
(8,759)		
725		
(1,930)		
(1,400)		
(142,389)	**¥**	

92,176
4,690
1,503
580

(43,440) **¥**

F-6

48
06
50
16
15)
08
06
36
52)
54)
07)
35)
51
08
90)
54
57
57)
49)
01
40)
25)
39)
31
12)
05
71)
30)
01)
91)
31
95)
45)

24

79

F-7

F-9

4 to 50 years
2 to 20 years

ions of yen

¥

F-10

recognized at the completion of the service delivery specified in the contract.

F-11

F-12

7,309
87,134

2,300

F-14

6,782
6,782
298
2,340
50
3,758
16
6,164
(492)
(931)
(1,423)
4,741
2,041
6,782

7,500
7,500
7,500
15,000
36
14,859
2,376
7,425
15
24,675
(7,860)
(2,896)
(10,756)
13,919
1,081
15,000

2012

7,474
1,256
(1,004)
24
7,750

2012

2012

F-18

Losses

¥

¥

ns of yen
ns or longer

Gross
unrealized
holding
losses

¥

¥

2012

2012

196,328

3,351

F-20

¥

¥

F-21

¥

¥

¥

¥

F-22

Gross carrying amount	
	34,221
	8,834
	34,898
	77,953

6,784
5,727
4,420
3,647
2,643

F-23

13,942
(540)
13,402
1,081
(6)
15,017
(540)
14,477
15,017
(540)
14,477

F-24

2012

¥

¥

F-25

um-Term Notes with various interest rates and maturity dates.

130,480
119,162
112,345
69,659
41,185
623
473,454

F-26

2012

F-27

2012

)

¥

¥

1,860
278

2013

2013

5.5%

4.6%
6.1%

any and certain subsidiaries revise the basic portfolio when and to the extent considered necessary to achieve the expected long-term rate of return on plan assets.

F-29

haracteristics such as settlement systems and the taxation systems. For each such investment, Komatsu has selected the appropriate investment country and currency.

Level 3

F-30

Level 3

7,786
8,318
9,176
9,093
8,404
42,202

2012

218
436
(320)

154
64

552

¥

¥

219
67

5.6%
4.0%
5.3%
7.9%
4.8%
5

F-33

Level 3

Level 3

F-34

650
688
715
739
762
4,228

F-35

lion with a corresponding decrease in unappropriated retained earnings.

Weighted average
exercise price
Yen

¥

Number
of shares

F-38

2,268
5 years
0.12% 1.12%
48.00%
1.83%

6 years
0.30%
0.49%
0.47%

F-39

36)
23)
09)
04
25
29
06)
32)
38)
71)
00)
71)
59)
30)
39)

368
588)
220)
573)
261
412)
597)
798)
495)
974
330)
356)
83)
591
591
021)
091
70
420
90)
230
410)
262
352
743

493
493
(1,678)
355
(1,323)
2,706
(1,250)
1,456
(2,995)
3,049
54
680

F-42

2
7

9

8
2

0

1
1)

0

0

)
)
)
)

F-43

2012

2012

F-44

the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are redu

F-45

25,339
17,575
16,866
59,780

4,300
3,047
2,154
1,284
639
1,558
12,982

F-47

167,041
962,919,074
857,871
963,776,945
173.47
173.32

F-48

¥

¥

F-49

elve months from that date. No cash flow hedges were discontinued during the year ended March 31, 2013 as a result of anticipated transactions that are no longer pr

F-50

2012

Derivative Liabilities

Estimated fair value

¥

¥

Derivative Liabilities

Estimated fair value

¥

¥

¥

¥

F-51

Derivative Liabilities

Estimated
fair value

¥

¥

Derivative Liabilities

Estimated
fair value

¥

¥

¥

¥

F-52

	Millions of yen
	2013
	Amount of gains (losses) reclassified from accumulated OCI into income
	(8,741)
	(8,741)

	Millions of yen
	2012
	Amount of gains (losses) reclassified from accumulated OCI into income
	2,645
	378
	3,023

	Millions of yen
	2011
	Amount of gains (losses) reclassified from accumulated OCI into income
	7,475
	7,475

F-53

(5,737)
(4)
(216)
579
(5,378)
329
(0)
(200)
(5,995)
(5,866)
(1,411)
(9)
(455)
2,816
941

Carrying amount

¥

F-56

Level 3

Level 3

F-58

48
25
73
15
24
39
49)
63
91
79
70
07)
63
06
86
43
76
84)
26)
09
06
32
91
29

21
94

)15

18
20

)38

F-59

2,330
776
3,106

05
14
48
17
75
04
63
68
00
85
37
73
63
24
50
83
99
56

F-61

2012

2012

F-62

1,294
(2,487)
1,979

786

F-63

289
2,632
855
(7,784)
(2,516)
3,864
(4,074)
(6,734)

F-64

EXHIBIT INDEX