

KILROY REALTY CORP
Form DEF 14A
April 11, 2014

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

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KILROY REALTY CORPORATION

(Name of Registrant as Specified in Its Charter)

N/A

(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:

KILROY REALTY CORPORATION

12200 W. Olympic Boulevard, Suite 200

Los Angeles, California 90064

April 11, 2014

Dear Stockholder:

You are cordially invited to attend Kilroy Realty Corporation's 2014 annual meeting of stockholders (the Annual Meeting). This year's meeting will be held at 9:00 a.m. local time (Pacific) on Thursday, May 22, 2014, at our principal executive offices located at 12200 West Olympic Boulevard, Suite 200, Los Angeles, California 90064.

Please refer to the following Notice of Annual Meeting of Stockholders and Proxy Statement for detailed information about the Annual Meeting and each of the proposals expected to be considered and acted upon at the Annual Meeting.

Your vote is very important to us and it is important that your shares be represented at the Annual Meeting. To ensure your vote is recorded promptly, we urge you to vote your shares as soon as possible over the Internet or, if you received a paper copy of our proxy materials by mail, by telephone (if available), or by completing and mailing the proxy card or voting instruction form enclosed with the proxy materials you received, whether or not you expect to attend the Annual Meeting.

Sincerely,

Tyler H. Rose

Executive Vice President,

Chief Financial Officer and Secretary

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KILROY REALTY CORPORATION

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Date and Time:

Thursday, May 22, 2014 at 9:00 a.m. local (Pacific) time

Place:

Our principal executive offices at 12200 West Olympic Boulevard, Suite 200, Los Angeles, California 90064.

Items of Business:

1. Elect as directors the six nominees named in the attached Proxy Statement.
2. Approve the amendment and restatement of our 2006 Incentive Award Plan.
3. Approve, on an advisory basis, the compensation of our named executive officers.
4. Approve an amendment to our Second Amended and Restated Bylaws, as amended, to adopt a majority vote standard in uncontested elections of directors.
5. Ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2014.
6. Consider one stockholder proposal if properly presented at the Annual Meeting.

Record Date:

The Board has fixed the close of business on March 14, 2014 as the record date for determining the stockholders entitled to receive notice of and to vote at the Annual Meeting, or any adjournment(s) or postponement(s) thereof.

Proxy Voting:

Your vote is very important to us. Whether or not you plan to attend the Annual Meeting, we urge you to submit your proxy or voting instructions as soon as possible to ensure your shares are represented at the Annual Meeting. If you attend the Annual Meeting and vote in person, your proxy or voting instructions will not be used.

By Order of the Board of Directors,

Tyler H. Rose

Executive Vice President,

Chief Financial Officer and Secretary

April 11, 2014

Los Angeles, California

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

The Notice of Annual Meeting, Proxy Statement and our 2013 Annual Report on Form 10-K are available at www.proxyvote.com.

You are encouraged to access and review all of the important information contained in our proxy materials before voting.

Proxy Summary

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider and you should read the entire proxy statement before voting. For more complete information regarding the Company's 2013 performance, please review the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

Date and Time: Thursday, May 22, 2014, 9:00 a.m. local (Pacific) time	Place: Our principal executive offices at 12200 West Olympic Boulevard, Suite 200 Los Angeles, California 90064	Record Date: March 14, 2014
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BUSINESS HIGHLIGHTS

We continued to deliver strong returns for stockholders, which is evidenced by achieving an absolute one-year total stockholder return, assuming dividend reinvestment (TSR) of 8.9% in 2013 and a three-year TSR of 51.5% for the period ended December 31, 2013. On a relative basis, our TSR outperformed the average TSR for our peer group companies, the SNL US REIT Office Index (prepared by SNL Financial) and the MSCI US REIT Index, for these periods as shown in the following chart:

	2013 TSR	TSR for the Three-Year Period Ended December 31, 2013
Kilroy Realty Corporation	8.9%	51.5%
Peer Group Companies ⁽¹⁾	-0.1%	20.2%
SNL US REIT Office Index	6.6%	21.0%
MSCI US REIT Index	2.5%	31.2%

⁽¹⁾ The TSR for the peer group companies, identified on page 61, is calculated on a weighted basis, determined based on the average market capitalization for each peer company during the applicable period.

We also delivered exceptional financial results in 2013, as further detailed on pages 46 through 48:

Revenues From	Funds From Operations (FFO)
Continuing Operations	Per Share
UP 22.1%	UP 18.2%
Over 2012	Over 2012

COMPENSATION HIGHLIGHTS

We continued to review our executive compensation program, spoke with and solicited input from stockholders who together own more than two-thirds (66.7%) of our common stock and responded to investor feedback in several direct and meaningful ways. Our Executive Compensation Committee (the Compensation Committee) also retained Mercer (US) Inc. as its independent compensation consultant to conduct a comprehensive review of our executive compensation program. As a result of this process, we significantly restructured elements of our executive compensation program for 2014. Below are highlights from the Compensation Discussion and Analysis (the CD&A):

Only one of our named executive officers (NEOs) received a salary increase for 2014, despite our strong 2013 and three-year TSR. This is on top of just two NEOs receiving a salary increase in 2013.

The Compensation Committee refined and formalized an annual incentive framework that measures performance against metrics within the following five key categories: (1) Operations, (2) Development, (3) Acquisitions, (4) Dispositions, and (5) Balance Sheet Management. This measurement framework was also applied to assess performance in determining our NEOs annual cash incentives for 2013.

In order to enhance alignment with long-term stockholder returns, the Compensation Committee placed an even greater emphasis on long-term compensation, in the form of equity awards, for 2014. This rebalancing included reducing the 2014 target annual cash incentive opportunity for our Chief Executive Officer, John B. Kilroy, Jr., from \$3,000,000 to \$2,450,000.

Approximately 67% of the 2014 annual long-term incentive awards for our NEOs are subject to performance-based vesting requirements over a three-year performance period and include a performance hurdle with reference to our relative TSR.

Proxy Summary

CORPORATE GOVERNANCE UPDATES AND HIGHLIGHTS

Proposed Majority Voting for Directors

In response to stockholder feedback, we are asking stockholders to approve amendments to our bylaws to adopt a majority vote standard in uncontested elections of directors.

Annual Election of All Directors

The full board is elected annually by our stockholders.

Lead Independent Director

We have a Lead Independent Director with clearly delineated and comprehensive responsibilities and with significant executive management and board experience.

New Board Members

The Board of Directors has nominated two new independent directors who we believe will bring new and additional perspective to the Board.

Anti-Hedging and Anti-Pledging Policies

We have a policy that restricts trading in derivative Company securities and prohibits entering into hedging and other speculative transactions involving Company securities. We also have a policy that prohibits our NEOs, Section 16 officers and directors from pledging the Company's securities, except under limited circumstances.

Clawback Policy

We may recover bonus or incentive compensation, including equity-based compensation, from our executive officers in the event of misconduct resulting in a restatement of our consolidated financial statements.

Stock Ownership Guidelines

We require our NEOs to hold a significant amount of our stock valued at three to six times their respective base salaries. We also require each non-employee director to hold shares of our common stock having a market value of at least five times the director's annual retainer.

DIRECTOR NOMINEES

Name	Director			Independent	Committee Membership
	Age	Since	Principal Occupation		
John B. Kilroy, Jr. <i>(Chairman)</i>	65	1996	President, Chief Executive Officer and Chairman, Kilroy Realty Corporation		EC
Edward F. Brennan, Ph.D. <i>(Lead Independent Director)</i>	62	2003	Former Chief Executive Officer, Nexus Dx, Inc.	ü	AC, CC, IC, NCGC
Scott S. Ingraham	60	2007	Co-Owner, Zuma Capital	ü	AC, CC
Dale F. Kinsella	65	1997	Partner, Kinsella, Weitzman, Iser, Kump & Aldisert, LLP	ü	CC, EC, IC, NCGC
Peter B. Stoneberg	58		Managing Partner, Velocity Ventures, LLC	ü	*
Gary R. Stevenson	57		President and Managing Director, MLS Business Ventures of Major League Soccer	ü	*

AC = Audit Committee

CC = Executive Compensation Committee

EC = Executive Committee

IC = Independent Committee

NCGC = Nominating/Corporate Governance Committee

* The Board of Directors has not yet determined the Board committee(s) to which Mr. Stoneberg and Mr. Stevenson will be named if elected at the Annual Meeting; however, the Board intends to make changes to the composition of its Board committees effective as of the date of the Annual Meeting so that the membership of each Board committee will satisfy the requirements of each committee's written charter and applicable NYSE listing rules.

Voting Information

VOTING MATTERS AND BOARD RECOMMENDATIONS

Proposal	Board Recommendation	Page
Management Proposals:		
1. Election of Six Director Nominees	FOR ALL	5
2. Amendment and Restatement of 2006 Incentive Award Plan	FOR	6
3. Advisory Approval of Compensation of NEOs	FOR	19
4. Approval of Majority Voting in Uncontested Elections of Directors	FOR	21
5. Ratification of Appointment of Deloitte & Touche LLP as Independent Registered Public Accounting Firm for 2014	FOR	22
Stockholder Proposal:		
6. Stockholder Proposal Regarding Proxy Access	AGAINST	23

HOW TO CAST YOUR VOTE

Internet

Follow the instructions provided in the notice or separate proxy card or voting instruction form you received.

Phone

Follow the instructions provided in the separate proxy card or voting instruction form you received.

Mail

Send your completed and signed proxy card or voting instructions to the address on your proxy card or voting instruction form.

In Person

Ballots will be provided to anyone who attends and wants to vote at the Annual Meeting.

General Information About the Annual Meeting and Voting Procedures

The Board of Directors (the Board) of Kilroy Realty Corporation, a Maryland corporation (we, our, us or the Company), is soliciting your proxy for the 2014 Annual Meeting of Stockholders (the Annual Meeting) to be held at 9:00 a.m. local (Pacific) time on Thursday, May 22, 2014 at our principal executive offices located at 12200 West Olympic Boulevard, Suite 200, Los Angeles, California 90064, and any adjournments or postponements of the Annual Meeting. On April 11, 2014, proxy materials for our Annual Meeting, including this Proxy Statement and our 2013 Annual Report to Stockholders, were first sent or made available to our stockholders entitled to vote at the Annual Meeting.

Why did I receive a notice in the mail regarding Internet availability of the proxy materials instead of a paper copy of the proxy materials?

Pursuant to rules of the Securities and Exchange Commission, we have elected to provide access to our proxy materials over the Internet. Accordingly, we are sending a Notice of Internet Availability of Proxy Materials (the Notice) to our stockholders of record, while brokers, banks and other nominees who hold shares on behalf of beneficial owners will be sending their own similar Notice to the beneficial owners. All stockholders will have the ability to access the proxy materials, including this Proxy Statement and our 2013 Annual Report, on the website referred to in the Notice or to request to receive a printed copy of the proxy materials. Instructions on how to request a printed copy by mail or electronically, including an option to request paper copies on an ongoing basis, may be found in the Notice and on the website referred to in the Notice. We intend to mail this Proxy Statement, together with a proxy card, to those stockholders entitled to vote at the Annual Meeting who have properly requested paper copies of such materials, within three business days of such request.

What is the purpose of the Annual Meeting?

At the Annual Meeting, stockholders will be asked to consider and vote on the following matters, as well as any other business properly brought before the Annual Meeting:

Proposal No. 1: Elect as directors the six nominees named in this Proxy Statement.

Proposal No. 2: Approve the amendment and restatement of our 2006 Incentive Award Plan, as amended (the 2006 Plan).

Proposal No. 3: Approve, on an advisory basis, the compensation of our NEOs.

Proposal No. 4: Approve an amendment to our Second Amended and Restated Bylaws, as amended (the Bylaws), to adopt a majority vote standard in uncontested elections of directors.

Proposal No. 5: Ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014.

Proposal No. 6: Consider a stockholder proposal regarding proxy access, if properly presented.

What are the Board's recommendations on each of the proposals?

The Board recommends that stockholders vote:

1. **FOR ALL** of the Board's six nominees for election to the Board: John B. Kilroy, Jr., Edward F. Brennan, Ph.D., Scott S. Ingraham, Dale F. Kinsella, Peter B. Stoneberg and Gary R. Stevenson;
2. **FOR** approval of amendment and restatement of the 2006 Plan;
3. **FOR** approval, on an advisory basis, of the compensation of our NEOs;
4. **FOR** approval of an amendment to our Bylaws to adopt a majority vote standard in uncontested elections of directors;
5. **FOR** ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014; and
6. **AGAINST** the stockholder proposal regarding proxy access.

Kilroy Realty Corporation 1

General Information About the Annual Meeting and Voting Procedures

Who is entitled to vote?

Only the holders of record of the shares of our common stock at the close of business on March 14, 2014 (the Record Date) are entitled to notice of and to vote at the Annual Meeting. Each share of common stock is entitled to one vote on each matter voted upon at the Annual Meeting. As of the Record Date, 82,218,250 shares of common stock were outstanding.

May I attend the Annual Meeting?

You may attend the Annual Meeting if you were a stockholder of record or a beneficial holder of shares of common stock at the close of business on the Record Date, or you hold a valid legal proxy for the Annual Meeting. If you are a stockholder of record, your name will be verified against the list of stockholders of record prior to your being admitted to the Annual Meeting. You should also be prepared to present a valid government-issued photo identification, such as a driver's license or passport, before being admitted. If you are not a stockholder of record but you are a beneficial holder of shares of common stock because you hold your shares in street name, you should provide proof of beneficial ownership as of the Record Date, such as an account statement reflecting your stock ownership as of the Record Date, a copy of the Notice or voting instruction form provided by your broker, bank or other nominee, or other similar evidence of ownership, as well as your photo identification, for admission. We reserve the right to determine the validity of any purported proof of beneficial ownership. If you do not have proof of ownership, you may not be admitted to the Annual Meeting. Cameras, recording devices and other electronic devices will not be permitted, and attendees may be subject to security inspections and other security precautions. For directions to the Annual Meeting, contact the Company in writing at 12200 W. Olympic Boulevard, Suite 200, Los Angeles, California 90064, Attn: Secretary or by telephone at (310) 481-8400.

How do I vote?

You may vote by submitting a proxy or voting instructions prior to the Annual Meeting or you may vote by attending the Annual Meeting and voting in person.

Submitting a Proxy for Shares Registered Directly in the Name of the Stockholder. If you hold your shares of common stock as a record holder and you are viewing this Proxy Statement on the Internet, you may vote by submitting a proxy over the Internet by following the instructions on the website referred to in the Notice previously mailed to you. If you hold your shares of common stock as a record holder and you are reviewing a printed copy of this Proxy Statement, you may vote your shares by completing, dating and signing the proxy card that was included with this Proxy Statement and promptly returning it in the preaddressed, postage paid envelope provided to you, or by submitting a proxy over the Internet or by telephone by following the instructions on the proxy card. If you vote by Internet or telephone, then you need not return a written proxy card by mail.

Submitting Voting Instructions for Shares Registered in Street Name. If you hold your shares of common stock in street name, which means your shares are held of record by a broker, bank or nominee, you will receive instructions from your broker, bank or other nominee on how to vote your shares. Your broker, bank or nominee will allow you to deliver your voting instructions over the Internet and may also permit you to vote by telephone. In addition, if you received a printed copy of this Proxy Statement, you may submit your voting instructions by completing, dating and signing the voting instruction form that was included with this Proxy Statement and promptly returning it in the preaddressed, postage paid envelope provided to you. If you vote by Internet or telephone, then you need not return a written voting instruction form by mail.

Vote in Person at the Annual Meeting. If you plan to attend the Annual Meeting and wish to vote in person, you will be given a ballot at the Annual Meeting. Please note that if your shares are held of record by a broker, bank or other nominee, and you decide to attend and vote at the

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Annual Meeting, your vote in person at the Annual Meeting will not be effective unless you present a legal proxy, issued in your name from your broker, bank or other nominee.

What is the deadline for voting my shares if I do not attend the Annual Meeting?

If you are a stockholder of record, your proxy must be received by telephone or the Internet by 11:59 p.m. Eastern time on May 21, 2014 in order for your shares to be voted at the Annual Meeting. If you are a stockholder of record and you received a printed set of proxy materials, you also have the option of completing, signing, dating and returning the proxy card enclosed

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General Information About the Annual Meeting and Voting Procedures

with the proxy materials before the Annual Meeting in order for your shares to be voted at the meeting. If you are a beneficial owner of shares of our common stock, please comply with the deadlines included in the voting instructions provided by the bank, broker or other nominee that holds your shares.

Can I revoke or change my vote after I submit my proxy or voting instructions?

A stockholder of record may revoke a previously submitted proxy at any time before it is exercised by (i) delivering a later dated proxy card or by submitting another proxy by telephone or on the Internet (your latest telephone or Internet voting instructions will be followed), (ii) delivering to the Secretary of the Company a written notice of revocation prior to the voting of the proxy at the Annual Meeting, or (iii) by voting in person at the Annual Meeting. Simply attending the Annual Meeting will not revoke your proxy. If your shares are held in street name, you must contact your broker, bank or other nominee to find out how to change or revoke your voting instructions. Any change to your proxy that is provided by telephone or the Internet must be submitted by 11:59 p.m. Eastern time on May 21, 2014.

How will my shares be voted on the proposals at the Annual Meeting?

The shares of common stock represented by all properly submitted proxies will be voted at the Annual Meeting as instructed or, if no instruction is given, will be voted FOR ALL the director nominees named in Proposal No. 1, FOR Proposal No. 2, FOR Proposal No. 3, FOR Proposal No. 4, FOR Proposal No. 5 and AGAINST Proposal No. 6.

If you hold your shares of common stock in street name through a brokerage account and you do not submit voting instructions to your broker, your broker may generally vote your shares in its discretion on routine matters. However, a broker cannot vote shares held in street name on non-routine matters unless the broker receives voting instructions from the street name holder. Proposal No. 5 (the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014) is considered routine under applicable rules of the New York Stock Exchange (the NYSE), while each of the other proposals to be submitted for a vote of stockholders at the Annual Meeting is considered non-routine. Accordingly, if you hold your shares of common stock in street name through a brokerage account and you do not submit voting instructions to your broker, your broker may exercise its discretion to vote on Proposal No. 5 at the Annual Meeting, but will not be permitted to vote your shares on any of the other proposals at the Annual Meeting. If your broker exercises this discretion, your shares will be counted as present for determining the presence of a quorum at the Annual Meeting and will be voted on Proposal No. 5 in the manner directed by your broker, but your shares will constitute broker non-votes on each of the other items at the Annual Meeting.

How will voting on any other business be conducted?

As to any other business that may properly come before the Annual Meeting, all properly submitted proxies will be voted by the proxyholders named in the proxy card, at their discretion. We do not presently know of any other business that may come before the Annual Meeting.

What constitutes a quorum?

A majority of the shares of common stock issued and outstanding on the Record Date must be represented at the Annual Meeting in person or by proxy to constitute a quorum for the transaction of business at the Annual Meeting. Shares represented by proxies that reflect abstentions or broker non-votes will be counted as shares that are present and entitled to vote for purposes of determining the presence of a quorum.

What vote is required to approve each proposal?

Proposal No. 1 Election of Directors. To be elected as a director, our current Bylaws require that a nominee must receive a plurality of all the votes cast in the election of directors at the Annual Meeting at which a quorum is present.

Proposal No. 2 Approval of Amendment and Restatement of 2006 Incentive Award Plan. The affirmative vote of a majority of votes cast at the Annual Meeting will be required to amend and restate the 2006 Plan.

Kilroy Realty Corporation 3

General Information About the Annual Meeting and Voting Procedures

Proposal No. 3 Advisory Approval of Compensation of our NEOs. The affirmative vote of a majority of votes cast at the Annual Meeting will be required for the advisory approval of the compensation of our NEOs (Say-on-Pay). The Say-on-Pay vote is advisory only, and therefore not binding on the Company, the Compensation Committee or our Board. Although non-binding, our Board values the opinions that our stockholders express in their votes and the votes will provide information to our Compensation Committee regarding investor sentiment about our executive compensation philosophy, policies and practices, which the Compensation Committee will be able to consider when determining executive compensation in the future.

Proposal No. 4 Approval of the Bylaw Amendment to Adopt Majority Vote Standard in Uncontested Director Elections. The affirmative vote of a majority of votes cast at the Annual Meeting will be required to approve an amendment to our Bylaws to adopt a majority vote standard in uncontested elections of directors.

Proposal No. 5 Ratification of the Appointment of Deloitte & Touche LLP as our Independent Registered Public Accounting Firm. The affirmative vote of a majority of votes cast at the Annual Meeting will be required for the approval of the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014.

Proposal No. 6 Stockholder Proposal Regarding Proxy Access. The affirmative vote of a majority of votes cast at the Annual Meeting will be required for approval of Proposal No. 6 (proxy access). However, our Board will consider the voting results on this proposal when making future decisions regarding the subject matter of the proposal.

Note on Abstentions and Broker Non-Votes. For purposes of determining the number of votes cast, only shares voting FOR ALL, FOR, or AGAINST are counted. Abstentions (other than on Proposal No. 2 Approval of Amendment and Restatement of 2006 Plan) and broker non-votes are not treated as votes cast, although they are counted for purposes of determining whether a quorum is present at the Annual Meeting. Under NYSE listing standards applicable to stockholder approval of equity compensation plans, abstentions are treated as votes cast. Accordingly, for purposes of Proposal No. 2 only, abstentions will have the effect of a vote AGAINST the proposal.

Proposal 1 Election of Directors

Pursuant to our Articles of Restatement, the Bylaws and resolutions adopted by the Board, the Board presently consists of five directors with each director serving a term that continues until the annual meeting of stockholders to be held in the year following the year of his or her election and until his or her successor is duly elected and qualified. Currently, there is also one vacant director seat on our Board. As further described below, our Board has selected six director nominees for election at the Annual Meeting, including all of our incumbent directors other than William P. Dickey. Mr. Dickey is not standing for re-election at the Annual Meeting and will retire from our Board effective immediately prior to the Annual Meeting. The remaining two director nominees, Peter B. Stoneberg and Gary Stevenson, are not currently directors of the Company and will stand for election to our Board for the first time at the Annual Meeting.

Nominees for Director

Upon the recommendation of the Nominating/Corporate Governance Committee (the Governance Committee), the Board has nominated John B. Kilroy, Jr., Edward F. Brennan, Ph.D., Scott S. Ingraham, Dale F. Kinsella, Peter B. Stoneberg and Gary R. Stevenson for election to the Board for a term continuing until the annual meeting of stockholders to be held in 2015 and until their respective successors are duly elected and qualified. Other than Mr. Stoneberg and Mr. Stevenson, all of our director nominees are currently directors of the Company and were previously elected to serve on the Board by our stockholders.

Mr. Stoneberg and Mr. Stevenson are standing for election to the Board for the first time. Mr. Stoneberg has over 30 years of experience as an M&A professional and technology executive. He is currently the Managing Partner of Velocity Ventures, LLC and was a former Senior Managing Director of Montgomery Securities, where he founded and led the Technology M&A practice. Mr. Stevenson is a leader and innovator in sports marketing and media strategies, with over 30 years of experience, including as President of Pac-12 Enterprises, a current tenant of the Company, and in his current role as President and Managing Director of MLS Business Ventures of Major League Soccer.

The Governance Committee authorized the retention of Korn / Ferry International (Korn / Ferry) to assess and conduct a background check on both Mr. Stoneberg and Mr. Stevenson as part of the Governance Committee's director search. The Governance Committee then reviewed the results of Korn / Ferry's evaluation and screening, discussed each potential nominee and recommended both Mr. Stoneberg and Mr. Stevenson to the Board for nomination by the Board. The Board then met, discussed and approved the Governance Committee's selection. Mr. Stoneberg and Mr. Stevenson were initially identified as potential nominees by our Chief Executive Officer (CEO).

Except as otherwise instructed, proxies solicited by this Proxy Statement will be voted for the election of all of the nominees to the Board. The nominees have consented to be named in this Proxy Statement and to serve as directors if elected. Biographical summaries of the experience of our director nominees can be found in this Proxy Statement under the caption Our Board of Directors.

Vote Required

The election of each of the director nominees requires a plurality of the votes cast in the election of directors by the holders of the shares of common stock entitled to vote, either present in person or by proxy at the Annual Meeting.

Recommendation

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR ALL OF THE DIRECTOR NOMINEES.

Proposal 2 Approval of Amendment and Restatement of 2006 Incentive Award Plan

General

As discussed in the CD&A below, long-term equity awards are a key component of our executive compensation program. As of March 31, 2014, no shares of common stock remained available for new award grants under the 2006 Plan. Under applicable listing rules, we may not increase the 2006 Plan share limit without stockholder approval.

At the Annual Meeting, stockholders will be asked to approve an amendment and restatement of the 2006 Plan. The amended and restated 2006 Plan was adopted, subject to stockholder approval, by the Board on March 20, 2014. With our request to approve the amendment and restatement of the 2006 Plan, we ask that you consider the following:

Responsible Share Usage. The total number of shares of our common stock subject to awards granted under the 2006 Plan per year over the last three fiscal years has, on average, been 1.14% of the weighted-average number of shares of our common stock issued and outstanding for the corresponding year (calculated as discussed on page 16), which we believe is very reasonable.

Significant Focus on Performance-Based Vesting Equity Awards. In 2013, 50% of the shares subject to our NEOs' equity awards were subject to performance-based vesting requirements. For 2014, approximately 67% of the shares subject to our NEOs' restricted stock unit awards are subject to performance-based vesting requirements, based on both operating and relative TSR measures.

Responsible Share Request Size. We are asking for enough shares to be able to continue to grant equity awards under the 2006 Plan through approximately the end of 2015 (as discussed on page 16). We want our stockholders to have the ability to regularly validate their comfort with our approach to equity awards.

The amended and restated 2006 Plan reflects the following amendments that are subject to stockholder approval of this proposal:

Increase in Aggregate Share Limit. The 2006 Plan currently limits the aggregate number of shares of the Company's common stock that may be delivered pursuant to all awards granted under the 2006 Plan to 6,120,000 shares. The proposed amendments would increase this limit by an additional 1,000,000 shares so that the new aggregate share limit for the 2006 Plan would be 7,120,000 shares (the Share Limit). The proposed amendments would also include an aggregate share limit on the number of shares that may be delivered pursuant to incentive stock options granted under the 2006 Plan of 7,120,000 shares. For purposes of clarity, any shares that are delivered pursuant to incentive stock options also count against (and are not in addition to) the aggregate 2006 Plan Share Limit described above.

Change to Fungible Share Limit. The 2006 Plan currently provides that shares issued in respect of any full-value award (which generally includes awards other than stock option grants and stock appreciation rights) are counted against the 2006 Plan aggregate Share Limit described above as 2.92 shares for every one share actually issued in connection with the award. The 2006 Plan also currently provides that shares issued in respect of certain types of stock options and other awards are counted against the Share Limit described above at certain premium ratios ranging from 1.15 shares to 1.29 shares for every one share actually issued in connection with the award. The proposed amendments would eliminate all of these fungible or premium share counting rules as to awards granted under the 2006 Plan on or March 31, 2014 so that shares issued in respect of any award granted under the 2006 Plan on or after March 31, 2014 will be counted against the Share Limit on a one-for-one basis.

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Change in Share-Counting Rules. The 2006 Plan currently provides that shares tendered by an award-holder or withheld by the Company to satisfy the exercise price or tax withholding obligations in connection with an award are not available for new grants under the 2006 Plan. Under the proposed amendments, such shares would be available for new grants under the 2006 Plan.

Extension of Plan Term. The 2006 Plan is currently scheduled to expire in March 2016. The proposed amendments would extend the term of the 2006 Plan until March 19, 2024.

Extension of Performance-Based Award Feature. One element of the 2006 Plan is the flexibility to grant certain performance-based awards designed to satisfy the requirements for deductibility of compensation under Section 162(m) of the U.S. Internal Revenue Code (Section 162(m)). These awards are referred to as Performance-Based Awards and are in addition to other awards, such as stock options and stock appreciation rights, expressly

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authorized under the 2006 Plan which may also qualify as performance-based compensation for Section 162(m) purposes. If stockholders approve this 2006 Plan proposal, the Performance-Based Award feature of the 2006 Plan will be extended through the first annual meeting of stockholders that occurs in 2019 (this expiration time is earlier than the general expiration date of the 2006 Plan and is required under applicable tax rules).

As of March 31, 2014, 2,815,709 shares of common stock were subject to outstanding awards granted under the 2006 Plan and, as noted above, no shares of common stock were then available for new award grants under the 2006 Plan. Of the 2,815,709 shares of common stock that were then subject to outstanding 2006 Plan awards, 1,520,500 were subject to stock options, 882,466 were subject to vested but deferred (not paid) RSUs, 327,682 were subject to unvested RSUs, and 85,061 were subject to unvested restricted stock awards. These numbers are presented before giving effect to certain Company equity awards granted during 2014 that include cash-settlement provisions (the 2014 Awards). For additional information on our past grants under the 2006 Plan, the 2014 Awards, and the potential dilutive impact of the proposed amendments to the 2006 Plan, please see Specific Benefits Under the 2006 Plan below.

We grant awards under the 2006 Plan because we believe that it is in our stockholders' best interests to include equity awards, denominated in shares of common stock or with a value derived from the value of our common stock, as a component of the overall pay package for our executives and select key employees because such awards align the interests of award recipients with those of our stockholders. The number of shares of common stock available for new award grants under the 2006 Plan does not give the Company sufficient authority and flexibility to adequately provide for future incentives. The Board believes that the increase in the 2006 Plan Share Limit will allow us to continue to grant awards under the 2006 Plan that are payable in shares of common stock. The Board believes that the other 2006 Plan amendments described above give the Company greater flexibility to structure future incentives.

If stockholders do not approve this 2006 Plan proposal, the current share limits under, and other terms and conditions of, the 2006 Plan will continue in effect.

The principal terms of the 2006 Plan are summarized below. The following summary is qualified in its entirety by the full text of the 2006 Plan, which appears as Appendix A to this Proxy Statement.

Shares Available for Awards

Subject to certain adjustments set forth in the 2006 Plan, the maximum number of shares of common stock that may be issued or awarded under the 2006 Plan will be increased to 7,120,000 shares if stockholders approve the proposed amendments to the 2006 Plan. To the extent that an award terminates, expires, lapses for any reason, or is settled in cash, any shares subject to the award will again be available for the grant of awards pursuant to the 2006 Plan. If stockholders approve the proposed amendments to the 2006 Plan, any shares of common stock tendered by an award-holder or withheld by the Company to satisfy the grant or exercise price or tax withholding obligations with respect to any award will again be available for the grant of awards pursuant to the 2006 Plan. Stock appreciation rights, or SARs, that are settled in stock count against the shares available for grant or issuance under the 2006 Plan based on the number of shares underlying these stock appreciation rights, without regard to the number of shares actually delivered to the participant in respect of stock-settled SARs upon exercise. The Company may not increase the applicable share limits of the 2006 Plan by repurchasing shares of common stock on the market (by using cash received through the exercise of stock options or otherwise).

The proposed amendments would also provide that, for purposes of calculating the number of shares available for issuance under the Share Limit, awards granted under the 2006 Plan on or after March 31, 2014 will be counted against the Share Limit on a one-for-one basis.

Awards

The 2006 Plan provides for the grant of incentive stock options, nonqualified stock options, restricted stock, stock appreciation rights, performance shares, performance stock units, dividend equivalents, stock payments, deferred stock, restricted stock units, profits interest units in Kilroy Realty, L.P., our operating partnership (the Operating Partnership), as described below, performance bonus awards, performance-based awards and other incentive awards to eligible individuals. The 2006 Plan

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further provides that the maximum number of shares which may be subject to awards granted to any one participant during any calendar year is 1,500,000 and the maximum amount that may be paid to a participant in cash during any calendar year with respect to cash-based awards is \$30,000,000.

Stock Options

Stock options, including incentive stock options, as defined under Section 422 of the Internal Revenue Code, and nonqualified stock options, may be granted pursuant to the 2006 Plan. The option exercise price of all stock options granted pursuant to the 2006 Plan will not be less than 100% of the fair market value of our stock on the date of grant. No incentive stock option may be granted to a grantee who owns more than 10% of our stock unless the exercise price is at least 110% of the fair market value at the time of grant. Notwithstanding whether an option is designated as an incentive stock option, to the extent that the aggregate fair market value of the shares with respect to which such option is exercisable for the first time by any optionee during any calendar year exceeds \$100,000 (or the option otherwise fails to qualify as an incentive stock option), such option will be treated as a nonqualified stock option. Stock options may be exercised as determined by the plan administrator, but in no event after the tenth anniversary of the date of grant. However, in the case of an option granted to a person who owns more than 10% of our stock on the date of grant, such term will not exceed five years.

Restricted Stock

Awards of restricted stock may be granted under the 2006 Plan. Restricted stock will be subject to restrictions on transferability and other such restrictions as the plan administrator may determine, including, without limitation, limitations on the right to vote restricted stock or the right to receive dividends on the restricted stock. These restrictions may lapse separately or in combination at such times, pursuant to such circumstances, in such installments, or otherwise, as the plan administrator determines at the time of grant of the award or thereafter.

Stock Appreciation Rights

A SAR is the right to receive payment of an amount equal to the excess of the fair market value of a share of our stock on the date of exercise of the SAR over the fair market value of a share of common stock on the date of grant of the SAR. The plan administrator may issue SARs in such amounts and on such terms and conditions as it may determine, consistent with the terms of the 2006 Plan, except that SARs may not be exercised more than ten years after the applicable date of grant. The plan administrator may elect to pay SARs in cash, in common stock or in a combination of cash and common stock.

Other Awards Under the Plan

The 2006 Plan provides that the plan administrator may also grant or issue performance shares, performance stock units, dividend equivalents, stock payments, deferred stock, restricted stock units, profits interest units, performance bonus awards, performance-based awards and other incentive awards or any combination thereof to eligible employees, consultants and directors. The terms of each such grant or issuance will be set by the plan administrator in its discretion. The plan administrator may establish the exercise price or purchase price, if any, of any such award, provided that such price will not be less than the par value of a share of common stock, unless otherwise permitted by applicable state law.

Any such award will only vest or be exercisable or payable while the participant is an employee or consultant of the Company, the Operating Partnership, or Kilroy Realty TRS, Inc. (the "TRS") or any of their subsidiaries, or a director of the Company or the TRS, except that the plan administrator may provide that such an award may vest or be exercised or paid subsequent to a termination of employment or service, as applicable, or following a change in control (as defined in the 2006 Plan) of the Company, or because of the participant's retirement, death or disability, or otherwise. The plan administrator may also provide that any such awards will be intended to qualify as performance-based compensation within the meaning of Section 162(m), subject to the provisions of the 2006 Plan and the requirements of Section 162(m).

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Payments with respect to any such award, other than profits interest units, will be made in cash, in common stock or a combination of both, as determined by the plan administrator. Each award granted under the 2006 Plan will be subject to such additional terms and conditions as determined by the plan administrator and will be evidenced by a written award agreement.

Performance Shares. Awards of performance shares are denominated in a number of shares of our stock and may be linked to any performance criterion or criteria determined appropriate by the plan administrator, in each case on a specified date or dates or over any period or periods determined by the plan administrator.

Performance Stock Units. Awards of performance stock units are denominated in units equivalent to shares of our stock and/or units of value, including dollar value of shares of our stock, and may be linked to any performance criterion or criteria determined appropriate by the plan administrator, in each case on a specified date or dates or over any period or periods determined by the plan administrator.

Dividend Equivalents. Dividend equivalents are rights to receive the equivalent value (in cash or our stock) of dividends paid on our stock. They represent the value of the dividends per share paid by us, calculated with reference to the number of shares that are subject to any award held by the participant, provided that as to any dividend equivalent rights granted in connection with an award granted under the 2006 Plan that is subject to performance-based vesting requirements, no dividend equivalent payment will be made unless the related performance-based vesting conditions of the award are satisfied (or, in the case of a restricted stock or similar award where the dividend must be paid as a matter of law, the dividend payment will be subject to forfeiture or repayment, as the case may be, if the related performance-based vesting conditions are not satisfied).

Stock Payments. Stock payments include payments in the form of our stock or options or other rights to purchase our stock, in each case made in lieu of all or any portion of the compensation that would otherwise be paid to the participant. The number of shares will be determined by the plan administrator and may be based upon specific performance criteria determined appropriate by the plan administrator, determined on the date such stock payment is made or on any date thereafter.

Deferred Stock. Deferred stock may be awarded to participants and may be linked to any performance criteria determined to be appropriate by the plan administrator. Stock underlying a deferred stock award will not be issued until the deferred stock award has vested, pursuant to a vesting schedule or upon the satisfaction of performance criteria set by the plan administrator. Unless otherwise provided by the plan administrator, recipients of deferred stock generally will have no rights as a stockholder with respect to such deferred stock until the time the vesting conditions are satisfied and the stock underlying the deferred stock award has been issued.

Restricted Stock Units. Restricted stock units, or RSUs, may be granted to any participant in such amounts and subject to such terms and conditions as determined by the plan administrator. At the time of grant, the plan administrator will specify the date or dates on which the restricted stock units will become fully vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate. At the time of grant, the plan administrator will specify the maturity date applicable to each grant of restricted stock units which will be no earlier than the vesting date or dates of the award and may be determined at the election of the participant. On the maturity date, we will transfer to the participant one unrestricted, fully transferable share of our stock for each restricted stock unit scheduled to be paid out on such date and not previously forfeited. The plan administrator will specify the purchase price, if any, to be paid by the participant to us for such shares of our stock.

Profits Interest Units. To the extent authorized by the partnership agreement of the Operating Partnership, the 2006 Plan authorizes the grant of units in the Operating Partnership that are intended to constitute profits interests within the meaning of the Internal Revenue Code and published Internal Revenue Service guidance. Profits interests may only be granted to participants for the performance of services to or for the benefit of the Operating Partnership in the participant's capacity as a partner in the Operating Partnership, in anticipation of the participant becoming a partner of the Operating Partnership, or as otherwise determined by the plan administrator, provided that the profits interest units would constitute profits interests within the meaning of the Internal Revenue Code, Treasury Regulations promulgated thereunder and any published guidance by the Internal Revenue Service. At the time of grant, the plan administrator will specify the number of profits interest units subject to the award, the purchase price, if any, of the units and the date and conditions on which the profits interest units will vest. The plan administrator may impose transferability restrictions and other restrictions upon profits interest units.

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Other Incentive Awards. Participants as selected by the plan administrator may be granted other incentive awards that provide for shares of common stock or the right to purchase shares of common stock or that have a value derived from the value of, or an exercise or conversion privilege at a price related to, or that are otherwise payable in or based on, shares of common stock, stockholder value or stockholder return. Other incentive awards may also be linked to any performance criterion or criteria determined appropriate by the plan administrator. Amounts payable under other incentive awards may be in cash, common stock, units of the Operating Partnership, or a combination of any of the foregoing, as determined by the plan administrator.

Performance Bonus Awards. Any participant selected by the plan administrator may be granted a cash bonus payable upon the attainment of performance goals that are established by the plan administrator and relate to any performance criterion or criteria determined appropriate by the plan administrator on a specified date or dates or over any period or periods determined by the plan administrator. Any such cash bonus (and other performance-vesting awards described above) paid to a covered employee may be structured as qualified performance-based compensation each within the meaning of Section 162(m).

Administration

The Board or one or more committees appointed by the Board administers the 2006 Plan. The Board has delegated general administrative authority for the 2006 Plan to the Compensation Committee. The Compensation Committee may delegate some or all of its authority with respect to the 2006 Plan to another committee of directors, and certain limited authority to grant awards to employees may be delegated to one or more officers of the Company. (The appropriate acting body, be it the Board, a committee within its delegated authority, or an officer within his or her delegated authority, is referred to in this proposal as the Administrator).

The Administrator has broad authority under the 2006 Plan with respect to award grants including, without limitation, the authority:

To select participants and determine the type(s) of award(s) that they are to receive;

To determine the number of shares that are to be subject to awards and the terms and conditions of awards, including the price (if any) to be paid for the shares or the award;

To cancel, modify or waive the Company's rights with respect to, or modify, discontinue, suspend, or terminate any or all outstanding awards, subject to any required consents;

To accelerate or extend the vesting or exercisability or extend the term of any or all outstanding awards;

Subject to the other provisions of the 2006 Plan, to make certain adjustments to an outstanding award and to authorize the conversion, succession or substitution of an award; and

To determine whether an award may be settled in, or the purchase price of an award or shares of the Company's common stock to be paid in, the form of cash, shares, other awards, or such other form as the Administrator may authorize and permitted by law.

While all of our employees are technically eligible to receive awards under the 2006 Plan, in 2013 we granted awards to 22 employees and each of our non-employee directors. The Administrator uses its judgment to determine who will receive awards, the type(s) of award grants, and the size and particular terms and conditions of those awards. These determinations may change based on any number of variables, including,

without limitation, changes in competitors' compensation practices or changes in compensation practices in the market generally, the need to attract, retain and incentivize key talent, the benefit of enhancing the link between the interests of award recipients with those of our stockholders, and the potential dilutive impact of those awards.

No Repricing

In no case (except due to an adjustment to reflect a stock split or other event referred to under "Adjustments" below, or any repricing that may be approved by stockholders) will the 2006 Plan administrator (1) amend an outstanding stock option or

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stock appreciation right to reduce the exercise price or base price of the award, (2) cancel, exchange, or surrender an outstanding stock option or stock appreciation right in exchange for cash or other awards for the purpose of repricing the award, or (3) cancel, exchange, or surrender an outstanding stock option or stock appreciation right in exchange for an option or stock appreciation right with an exercise or base price that is less than the exercise or base price of the original award.

Eligibility

Employees and consultants of the Company, the TRS, the Operating Partnership or their subsidiaries, and directors of the Company or the TRS, are eligible to be granted non-qualified stock options, restricted stock, stock appreciation rights, performance share awards, performance stock units, dividend equivalents, stock payments, deferred stock, restricted stock units, profits interest units, other incentive awards and performance bonus awards under the 2006 Plan. Only employees of the Company and its qualifying corporate subsidiaries are eligible to be granted options that are intended to qualify as incentive stock options under Section 422 of the Internal Revenue Code. Currently, approximately 218 officers and employees of the Company and its subsidiaries (including all of the Company's NEOs), and each of the Company's four non-employee directors, are considered eligible under the 2006 Plan.

Adjustments

As is customary in incentive plans of this nature, each share limit and the number and kind of shares available under the 2006 Plan and any outstanding awards, as well as the exercise or purchase prices of awards, and performance targets under certain types of performance-based awards, are subject to adjustment in the event of certain reorganizations, mergers, combinations, recapitalizations, stock splits, stock dividends, or other similar events that change the number or kind of shares outstanding, and extraordinary dividends or distributions of property to the stockholders.

Assumption and Termination of Awards

Generally, and subject to limited exceptions set forth in the 2006 Plan, if the Company dissolves or undergoes certain corporate transactions such as a merger, business combination, or other reorganization, or a sale of substantially all of its assets, the outstanding awards granted under the 2006 Plan will not automatically accelerate and become vested under the terms of the 2006 Plan as long as there is provision for the awards to be substituted for, assumed or otherwise continued after the event. If there is no such provision for the awards to be substituted for, assumed, or otherwise continued after the event (that is, the awards are to be terminated in connection with the change in control event), the awards would generally become fully vested and, in the case of options, exercisable. The Administrator also has the discretion to establish other change in control provisions with respect to awards granted under the 2006 Plan.

Transfer Restrictions

Subject to certain exceptions contained in Section 10.3 of the 2006 Plan, awards under the 2006 Plan generally are not transferable by the recipient other than by will or the laws of descent and distribution and are generally exercisable, during the recipient's lifetime, only by the recipient. Any amounts payable or shares issuable pursuant to an award generally will be paid only to the recipient or the recipient's beneficiary or representative. The Administrator has discretion, however, to establish written conditions and procedures for the transfer of awards to other persons or entities, provided that such transfers comply with applicable federal and state securities laws and are not made for value (other than nominal consideration, settlement of marital property rights, or for interests in an entity in which more than 50% of the voting securities are held by the award recipient or by the recipient's family members).

No Limit on Other Authority

The 2006 Plan does not limit the authority of the Board or any committee to grant awards or authorize any other compensation, with or without reference to the Company's common stock, under any other plan or authority.

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Termination of or Changes to the 2006 Plan

The Board may amend or terminate the 2006 Plan at any time and in any manner. Stockholder approval for an amendment will be required only to the extent then required by applicable law or any applicable listing agency or required under Sections 162, 422 or 424 of the U.S. Internal Revenue Code to preserve the intended tax consequences of the 2006 Plan. For example, stockholder approval will be required for any amendment that proposes to increase the maximum number of shares that may be delivered with respect to awards granted under the 2006 Plan. (Adjustments as a result of stock splits or similar events will not, however, be considered an amendment requiring stockholder approval.) If stockholders approve this 2006 Plan proposal, unless terminated earlier by the Board, the authority to grant new awards under the 2006 Plan will terminate on March 19, 2024. Outstanding awards, as well as the Administrator's authority with respect thereto, generally will continue following the expiration or termination of the 2006 Plan. Generally speaking, outstanding awards may be amended by the Administrator (except for a repricing), but the consent of the award holder is required if the amendment (or any 2006 Plan amendment) materially and adversely affects the holder.

Federal Income Tax Consequences

Stock Options

With respect to nonqualified stock options, the Company, the Operating Partnership or the participant's employer, as applicable, is generally entitled to deduct and the optionee recognizes taxable income in an amount equal to the difference between the option exercise price and the fair market value of the shares at the time of exercise. A participant receiving incentive stock options will not recognize taxable income upon grant. Additionally, if applicable holding period requirements are met, the participant will not recognize taxable income at the time of exercise. However, the excess of the fair market value of the shares received over the option price is an item of tax preference income potentially subject to the alternative minimum tax. If stock acquired upon exercise of an incentive stock option is held for a minimum of two years from the date of grant and one year from the date of exercise, the gain or loss (in an amount equal to the difference between the fair market value on the date of sale and the exercise price) upon disposition of the stock will be treated as a long-term capital gain or loss, and the Company, the Operating Partnership or the participant's employer, as applicable, will not be entitled to any deduction. If the holding period requirements are not met, the incentive stock option will be treated as one which does not meet the requirements of the Internal Revenue Code for incentive stock options and the tax consequences described for nonqualified stock options will apply. Certain additional special rules apply if the exercise price for an option is paid in stock previously owned by the participant rather than in cash.

Other Awards

The current federal income tax consequences of other awards authorized under the 2006 Plan generally follow certain basic patterns: SARs are taxed and deductible in substantially the same manner as nonqualified stock options; nontransferable restricted stock subject to a substantial risk of forfeiture results in income recognition equal to the excess of the fair market value over the price paid, if any, only at the time the restrictions lapse (unless the recipient elects to accelerate recognition as of the date of grant); stock-based performance awards, dividend equivalents and other types of awards are generally subject to tax at the time of payment. Compensation otherwise effectively deferred is taxed when paid. In each of the foregoing cases, the Company, the Operating Partnership or the participant's employer, as applicable, will generally have a corresponding deduction at the time the participant recognizes income, subject to Section 162(m) of the Internal Revenue Code with respect to covered employees.

Profits Interest Units

Profits interest units that constitute profits interests within the meaning of the Internal Revenue Code and published Internal Revenue Service guidance will generally not be taxed at the time of grant, though the holder will be required to report on his income tax return his allocable share of the issuing partnership's income, gain, loss, deduction, and credit, regardless of whether the issuing partnership makes a distribution of cash. Instead, such profits interest units are generally taxed upon a disposition of the profits interest unit or distributions of cash to the extent that such amounts received exceed the basis in the profits interest units. Generally, no deduction is available to the Company upon the grant, vesting or disposition of the profits interest units.

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If profits interests units are granted to a recipient who is an employee of the Company, the issuance of those profits interests may cause wages paid to the recipient to be characterized and subject to taxation as self-employment income. If treated as a self-employed partner, the recipient will be required to make quarterly income tax payments rather than having amounts withheld by the Company, the Operating Partnership or the participant's employer, as applicable. Additionally, if self-employed, the recipient must pay the full amount of all FICA employment taxes on the employee's compensation (in the form of SECA taxes rather than FICA taxes), whereas regular employees are only responsible for 50% of these taxes. To date, the Internal Revenue Service has not issued definitive guidance regarding the treatment of wages paid to partner-employees.

Code Section 409A

Certain types of awards under the 2006 Plan may constitute, or provide for, a deferral of compensation under Section 409A. Unless certain requirements set forth in Section 409A are complied with, holders of such awards may be taxed earlier than would otherwise be the case (e.g., at the time of vesting instead of the time of payment) and may be subject to an additional 20% penalty tax (and, potentially, certain interest penalties and penalties under applicable state tax laws). To the extent applicable, we intend to structure awards granted under the 2006 Plan to comply with Section 409A and the Department of Treasury regulations and other interpretive guidance that may be issued pursuant to Section 409A or an available exemption from Section 409A.

Tax Deductibility and Section 162(m) of the Internal Revenue Code

Section 162(m) generally places a \$1.0 million annual limit on the amount of compensation paid to certain of the Company's executive officers that may be deducted by the Company for federal income tax purposes unless such compensation constitutes qualified performance-based compensation which is based on the achievement of pre-established performance goals set by a committee of the Board pursuant to an incentive plan that has been approved by the Company's stockholders. The 2006 Plan provides that certain awards made thereunder may, in the discretion of the plan administrator, be structured so as to qualify for the qualified performance-based compensation exception to the \$1.0 million annual deductibility limit of Section 162(m).

Other Considerations

Awards that are granted, accelerated or enhanced upon the occurrence of a change in control may give rise, in whole or in part, to excess parachute payments within the meaning of Section 280G of the Internal Revenue Code to the extent that such payments, when aggregated with other payments subject to Section 280G, exceed the limitations contained in that provision. Such excess parachute payments are not deductible by the Company and are subject to an excise tax of 20% payable by the recipient.

The 2006 Plan is not subject to any provision of the Employee Retirement Income Security Act of 1974, as amended, and is not qualified under Section 401(a) of the Internal Revenue Code.

The preceding discussion of federal income tax consequences does not purport to be a complete analysis of all of the potential tax effects of the 2006 Plan. It is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change. No information is provided with respect to foreign, state or local tax laws, or estate and gift tax considerations.

Specific Benefits Under the 2006 Plan

The Company has not approved any awards that are conditioned on stockholder approval of this Proposal No. 2. If the proposed share increase for the 2006 Plan had been in effect in 2013, the Company expects that its award grants for 2013 would not have been different from those actually made in 2013 under the 2006 Plan. For more information regarding those awards, please see the following discussion and, for more detailed information on the awards granted to our NEOs during 2013, see the material under the heading "Executive Compensation" below.

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Non-Employee Director Awards

The Company is not currently considering any new award grants under the 2006 Plan except for the annual grants of shares of common stock to non-employee directors described under the Director Compensation section below. These annual grants are determined based on the closing price of our common stock at the time of the grant as described below. Assuming, for illustrative purposes only, that the price of the common stock used for the conversion of the dollar amount for the annual grants under the non-employee director program (\$100,000) into shares was \$58.09 (the closing price of a share of our common stock on the Record Date), the number of shares that would be allocated to the Company's five non-employee directors as a group (assuming a Board with five non-employee directors) pursuant to the annual grant formula over the proposed 10-year term of the 2006 Plan (2014 through 2023, if stockholders approve this proposal) is approximately 86,073 shares. This figure represents the continuation of the current non-employee director equity awards, for five non-employee directors, over that ten-year period. The actual number of shares that we may issue depends on, among other future variables, the number of our non-employee directors from time to time, the price of our common stock on the applicable grant date that is used to convert the applicable grant-date value into a number of shares, and whether the Board changes the \$100,000 grant date value or other aspects of our non-employee director compensation program in the future.

2014 Awards

In January 2014, we approved the 2014 Awards under the 2006 Plan, which consisted of time-based and performance-based restricted stock unit awards. The 2014 Awards granted to the NEOs are described on pages 54 through 56, and 71 through 72, below. The 2014 Awards to recipients other than our NEOs consisted only of time-based restricted stock unit awards on substantially the same terms as the time-based awards granted to our NEOs. These awards are not contingent on stockholder approval of this Proposal No. 2. However, given how few shares we have remaining under the 2006 Plan for new award grants, these awards are structured so that a vested restricted stock unit covered by the award will be paid in cash (based on the fair market value of our common stock at the time of payment) rather than shares to the extent that we do not have sufficient shares available for issuance under the 2006 Plan at the time of payment of the award. Dividend equivalents covering an aggregate of 7,758 shares of our common stock were also credited in January 2014 with respect to prior awards under the 2006 Plan and will be paid in cash (based on the fair market value of our common stock at the time of payment) rather than shares to the extent that we do not have sufficient shares available under the 2006 Plan at the time of payment of the award. The following table shows how many units were subject to each recipient's time-based 2014 Award and each recipient's performance-based 2014 Award (with each performance-based award presented based on the target number of units covered by the award) to the persons and groups indicated below. Payout of the performance-based portion of the 2014 Awards could range from 0% to 200% of the target level based on actual performance.

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2006 Incentive Award Plan

Awards Subject to Stockholder Approval of 2006 Plan Proposal

Name and Position	Number of Shares	
	Number of Shares Underlying Time-Based Units	Underlying Performance-Based Units (at target)
Executive Group		
John B. Kilroy, Jr.		
<i>Chairman, President and Chief Executive Officer</i>	29,047	58,095
Jeffrey C. Hawken		
<i>Executive Vice President and Chief Operating Officer</i>	10,980	21,941
Tyler H. Rose		
<i>Executive Vice President, Chief Financial Officer and Secretary</i>	6,448	12,917
Eli Khouri		
<i>Executive Vice President and Chief Investment Officer</i>	4,841	8,715
Justin W. Smart		
<i>Executive Vice President, Development and Construction</i>	4,841	8,715
Total for Executive Group	56,157	110,383
Non-Executive Director Group (4 persons)	0	0
Non-Executive Officer Employee Group	61,349	8,715

Potential Dilution

The following paragraphs include additional information to help you assess the potential dilutive impact of the Company's equity awards and the proposed amendments to the 2006 Plan. The 2006 Plan is the Company's only equity compensation plan.

The following table shows the total number of shares of our common stock that were subject to outstanding restricted stock and restricted stock unit awards granted under the 2006 Plan, that were subject to outstanding stock options granted under the 2006 Plan, and that were then available for new award grants under the 2006 Plan as of December 31, 2013 and as of March 31, 2014. This information is presented before giving effect to the 2014 Awards, and January 2014 dividend equivalents covering an aggregate of 7,758 shares, discussed above in light of the cash-settlement provisions of such awards. If stockholder approve this Proposal No. 2, however, we expect that we will settle such 2014 Awards and dividend equivalents that vest in stock as opposed to cash. None of the outstanding awards covered interests in our Operating Partnership. (In this 2006 Plan proposal, the number of shares of the Company's common stock subject to restricted stock and restricted stock unit awards granted during any particular period or outstanding on any particular date is presented based on the actual number of shares of the Company's common stock covered by those awards. For awards subject to performance-based vesting requirements, the number of shares presented is based on the maximum level of performance.)

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	As of December 31, 2013	As of March 31, 2014
Shares subject to outstanding restricted stock and restricted stock unit awards (including vested but deferred RSUs and excluding performance-based vesting awards)	1,206,357	1,213,514
Shares subject to outstanding performance-based vesting restricted stock unit awards	143,022	81,695
Shares subject to outstanding stock options	1,525,000	1,520,500
Shares available for new award grants	2,539	0

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Proposal 2 Approval of Amendment and Restatement of 2006 Incentive Award Plan

The weighted-average number of shares of the Company's common stock issued and outstanding in each of the last three fiscal years was 56,717,121 shares issued and outstanding in 2011 (58,437,444 shares assuming the conversion of all the common units of the Operating Partnership); 69,639,623 shares issued and outstanding in 2012 (71,403,258 shares assuming the conversion of all common units of the Operating Partnership); and 77,343,853 shares issued and outstanding in 2013 (79,166,250 shares assuming the conversion of all common units of the Operating Partnership). The number of shares of the Company's common stock issued and outstanding as of December 31, 2013 and March 31, 2014 was 82,153,944 shares and 82,218,332 shares, respectively (83,959,144 and, 84,022,532, respectively, assuming the conversion of all common units of the Operating Partnership). (In this 2006 Plan proposal and except as noted above, the number of shares of the Company's common stock that are outstanding for any particular period or on any particular date do not include common units of the Operating Partnership that are convertible into our common stock.)

The total number of shares of the Company's common stock subject to awards that the Company granted under the 2006 Plan over the last three fiscal years, and to date (as of March 31, 2014) for 2014, are as follows:

206,134 shares in 2011 (which was 0.36% of the weighted-average number of shares of the Company's common stock issued and outstanding in 2011), all of which were subject to time-based vesting restricted stock and restricted stock unit awards;

1,948,573 shares in 2012 (which was 2.80% of the weighted-average number of shares of the Company's common stock issued and outstanding in 2012), of which 1,550,000 shares were subject to stock option awards, 295,334 shares were subject to restricted stock and restricted stock unit awards (excluding performance-based vesting awards), and 103,239 shares were subject to performance-based vesting restricted stock and restricted stock unit awards;

210,893 shares in 2013 (which was 0.27% of the weighted-average number of shares of the Company's common stock issued and outstanding in 2013), of which no shares were subject to stock option awards, 140,024 shares were subject to restricted stock and restricted stock unit awards (excluding performance-based vesting awards), and 70,869 shares were subject to performance-based vesting restricted stock and restricted stock unit awards (after giving effect to the April 2013 modification, noted in the Grants of Plan-Based Awards Table below, to include performance-based vesting requirements for a portion of the awards granted to our NEOs in 2013); and

No shares in 2014 (before giving effect to the 2014 Awards presented separately above).

Thus, the total number of shares of our common stock subject to awards granted under the 2006 Plan per year over the last three fiscal years (2011, 2012 and 2013) has, on average, been 1.14% of the weighted-average number of shares of our common stock issued and outstanding for the corresponding year.

The Compensation Committee anticipates that the 1,000,000 additional shares requested for the 2006 Plan (which represents 1.22% of the number of shares of the Company's common stock issued and outstanding as of March 31, 2014), and assuming usual levels of shares becoming available for new awards as a result of forfeitures of outstanding awards, will provide the Company with flexibility to provide for payment in stock of any 2014 Awards that vest, grant the non-employee director awards referred to above in connection with the Annual Meeting, as well as to continue to grant equity awards under the 2006 Plan through approximately the end of 2015 (reserving sufficient shares to cover potential payment of performance-based awards at maximum payment levels and covering dividend equivalents that may be credited with respect to the awards). However, this is only an estimate, in the Company's judgment, based on current circumstances. The total number of shares that are subject to the Company's award grants in any one year or from year-to-year may change based on a number of variables, including, without limitation, the value of the Company's common stock (since higher stock prices generally require that fewer shares be issued to produce awards of the same grant date fair value), changes in competitors' compensation practices or changes in compensation practices in the market generally, changes in the number of employees, changes in the number of directors and officers, whether and the extent to which vesting conditions applicable to equity-based awards are satisfied, acquisition activity and the need to grant awards to new employees in connection with

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acquisitions, the need to attract, retain and incentivize key talent, the number of dividend equivalent rights outstanding, the extent to which they provide for settlement in stock and the amount of the Company's dividend payments, the type of awards the Company grants, and how the Company chooses to balance total compensation between cash and equity-based awards.

As of the Record Date, the closing market price for a share of the Company's common stock was \$58.09 per share.

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Proposal 2 Approval of Amendment and Restatement of 2006 Incentive Award Plan

Aggregate Past Grants Under the Plan

As of March 31, 2014, awards covering 3,567,461 shares of our common stock had been granted under the 2006 Plan. (This number of shares includes shares subject to awards that expired or terminated without having been exercised and paid and became available for new award grants under the 2006 Plan. This number of shares, and the data in the table below, excludes the 2014 Awards in light of the cash-settlement provisions of such awards. For information on the number of 2014 Awards granted, please see the 2014 Awards discussion above.) The following table shows information regarding the distribution of all awards (other than 2014 Awards) among the persons and groups identified below, option exercises and restricted stock vesting prior to that date, and option and unvested restricted stock holdings as of that date.

Name and Position	Number of Shares Subject to Past Option Grants	STOCK OPTIONS		RESTRICTED STOCK/UNITS			
		Number of Shares Acquired On Exercise	Number of Shares Underlying Options as of 03/31/2014	Number of Shares/Units Subject to Past Awards	Number of Shares/Units Vested as of 03/31/2014	Number of Shares/Units Outstanding and Unvested as of 03/31/2014	
Named Executive Officers:							
John B. Kilroy, Jr.							
<i>Chairman, President and Chief Executive Officer</i>	750,000		300,000	450,000	982,255	749,709	232,546
Jeffrey C. Hawken							
<i>Executive Vice President and Chief Operating Officer</i>	250,000		100,000	150,000	355,718	305,220	50,498
Tyler H. Rose							
<i>Executive Vice President, Chief Financial Officer and Secretary</i>	125,000		50,000	75,000	91,904	73,546	18,358
Eli Khouri							
<i>Executive Vice President and Chief Investment Officer</i>	125,000		50,000	75,000	22,869	7,493	15,376
Justin W. Smart							
<i>Executive Vice President, Development and Construction</i>	20,000		8,000	12,000	78,004	59,519	18,485
Total for All Current Executive Officers as a Group (5 persons):	1,270,000		508,000	762,000	1,530,750	1,195,487	335,263
Edward F. Brennan, Ph.D.					20,011	18,265	1,746
William P. Dickey					20,057	18,311	1,746
Scott S. Ingraham					19,679	17,933	1,746
Dale F. Kinsella					20,057	18,311	1,746
Total for all Current Non-Executive Directors as a Group (4 persons):					79,804	72,820	6,984
Each other person who has received 5% or more of the options, warrants or rights under the Plan:							
All employees, including all current officers who are not executive officers or directors, as a group:	250,500	3,500	100,500	150,000	406,907	336,410	70,497
Total	1,520,500	3,500	608,500	912,000	2,017,461	1,604,717	412,744

Proposal 2 Approval of Amendment and Restatement of 2006 Incentive Award Plan

Mr. Kilroy and each of the non-employee directors identified above is a nominee for re-election as a director at the Annual Meeting. Mr. Stoneberg and Mr. Stevenson are also nominees for election as a director at the Annual Meeting. Mr. Stoneberg and Mr. Stevenson have not previously been granted any awards under the 2006 Plan.

Equity Compensation Plan Information

For additional information on the Company's equity compensation plans, please see the Equity Compensation Plan Information section on page 83 below.

Vote Required

The amendment and restatement of the 2006 Plan will be approved if a majority of the votes cast at the Annual Meeting are cast in favor of the proposal. Abstentions will be treated as votes cast and will have the effect of a vote AGAINST the proposal.

Recommendation

The Board believes that the adoption of the proposed amendments to the 2006 Plan will promote the interests of the Company and its stockholders and will help the Company and its subsidiaries continue to be able to attract, retain and reward persons important to our success.

All members of the Board and all of our executive officers are eligible for awards under the 2006 Plan and thus have a personal interest in the approval of the 2006 Plan proposal.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR APPROVAL OF THE AMENDED AND RESTATED 2006 INCENTIVE AWARD PLAN AS DESCRIBED ABOVE AND SET FORTH IN APPENDIX A HERETO.

Proposal 3 Advisory Approval of Our Executive Compensation

We are asking our stockholders to provide advisory approval of the compensation of our NEOs as such compensation is disclosed pursuant to the Securities and Exchange Commission's executive compensation disclosure rules and set forth in this Proxy Statement (including in the compensation tables, the narratives accompanying those tables and the CD&A).

We believe that our performance in 2013 was exceptional and that the structure of our executive compensation program contributed to our achievements by incentivizing our executives to grow the Company in a way that creates long-term value for our stockholders. Highlights of our Company's executive compensation program and performance in 2013 are outlined below in the CD&A under the heading "Summary of 2013 Compensation."

In connection with and following our annual meeting held in May 2013, we intensified our ongoing efforts, begun in 2012, to thoroughly review our executive compensation program. As part of this effort, we spoke with and solicited input from stockholders who together own more than two-thirds (66.7%) of our common stock. We also assessed compensation and governance practices generally and within our industry. The chairman of our Compensation Committee participated in a number of our conversations with stockholders regarding these subjects. Following the 2013 annual meeting, our Compensation Committee also retained Mercer (US) Inc. (Mercer) as its independent compensation consultant to conduct a comprehensive review of our executive compensation program.

As a result of this process, the Compensation Committee has significantly restructured elements of our executive compensation program for 2014. We believe that the changes to our program reflect many of the best practices in executive compensation today, have increased the emphasis on performance in the program and will result in greater alignment between the interests of our NEOs (as identified in the CD&A) and those of our stockholders. Key changes to the program for 2014 are outlined below in the CD&A and include:

Froze Salaries for 2014. Except for Mr. Smart, who received a base salary increase to bring him into parity with two other NEOs, none of our NEOs received a salary increase for 2014. This is on top of just two NEOs receiving salary increases in 2013, and despite our strong TSR for the one- and three-year periods ending December 31, 2013.

Formalized a Performance Measurement Framework for the Annual Incentive Plan. The Compensation Committee refined and formalized an annual incentive framework that measures performance against five key categories: (1) Operations, (2) Development, (3) Acquisitions, (4) Dispositions and (5) Balance Sheet Management. This measurement framework was applied to assess performance and determine annual cash incentives for our NEOs for 2013 and will be used in assessing annual cash incentives for our NEOs for 2014.

Rebalanced the Chief Executive Officer's Target Compensation Mix, including a Reduction in Target Annual Cash Incentive Levels. In order to enhance alignment with long-term stockholder returns, the Compensation Committee placed an even greater emphasis on long-term compensation, in the form of equity awards, for Mr. Kilroy for 2014. This rebalancing included reducing the 2014 target annual cash incentive opportunity for Mr. Kilroy from \$3,000,000 to \$2,450,000.

Enhanced Performance Component of the Long-Term Equity Compensation Program. In 2013, 50% of the shares covered by each of our NEO's equity award was subject to performance-based vesting requirements. For 2014, approximately 67% of the shares subject to our NEOs' equity awards are subject to performance-based vesting requirements over a three-year performance period and include a performance hurdle with reference to our relative TSR.

In addition to the items noted above, in recent years we've adopted a range of executive compensation policies that we believe reflect current best practices, including:

A compensation clawback policy.

Anti-pledging and hedging policies.

Minimum share ownership guidelines for our executives and directors.

Shareholding requirements.

Elimination of single trigger change in control severance provisions, meaning that severance benefits aren't triggered simply because a change in control transaction occurs.

No tax gross-up payments, including as a result of a change in control.

Proposal 3 Advisory Approval of Our Executive Compensation

In accordance with the requirements of Section 14A of the Securities Exchange Act of 1934, as amended (the Exchange Act), and the related rules of the Securities and Exchange Commission, our Board requests your advisory vote to approve the following resolution at our Annual Meeting:

RESOLVED, that the compensation paid to the Company's NEOs, as disclosed in this Proxy Statement pursuant to the Securities and Exchange Commission's executive compensation disclosure rules (which disclosure includes the Compensation Discussion and Analysis section, the compensation tables and the narrative discussion that accompanies the compensation tables), is hereby approved.

This vote is an advisory vote only and will not be binding on the Company, the Board or the Compensation Committee, and will not be construed as overruling a decision by, or creating or implying any additional fiduciary duty for, the Company, the Board or the Compensation Committee. However, the Compensation Committee will consider the outcome of this vote when making future compensation decisions for our NEOs.

The Company's current policy is to provide our stockholders with an opportunity to approve the compensation of our NEOs each year at the annual meeting of stockholders. It is expected that the next Say-on-Pay vote will be held at the 2015 annual meeting of stockholders.

Vote Required

The compensation of our NEOs will be approved, on an advisory basis, if a majority of the votes cast at the Annual Meeting are cast in favor of the proposal.

Recommendation

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR APPROVAL OF THE RESOLUTION APPROVING, ON AN ADVISORY BASIS, THE COMPENSATION OF THE COMPANY'S NEOs.

Proposal 4 Approval of Bylaw Amendment to Adopt a Majority Vote Standard in Uncontested Elections of Directors

Our Bylaws currently provide that directors shall be elected by a plurality of the votes cast by stockholders in the election of directors. Under a plurality vote standard, the director nominees who receive the highest number of affirmative votes cast are elected to our Board, whether or not votes FOR a director nominee constitute a majority of all votes cast with respect to the nominee and regardless of how many stockholders WITHHOLD their vote with respect to the nominee.

In response to stockholder feedback, we are seeking stockholder approval at the Annual Meeting of amendments to our Bylaws to replace the plurality vote standard with a majority vote standard for uncontested elections of directors. We believe implementation of a majority vote standard represents a more equitable election standard that will strengthen director accountability by providing our stockholders with a more meaningful role in director elections.

If approved, Article II, Section 4 of our Bylaws would be amended to establish a majority vote standard for uncontested elections of directors. As a result, if this proposal is approved by stockholders, at each meeting of stockholders at which the election of directors is uncontested, a director nominee will be elected to our Board only if the number of votes cast FOR the nominee exceeds the number of votes cast AGAINST the nominee. A plurality vote standard will continue to apply in contested elections. An election will be considered to be contested if the Company's Secretary has received notice that a stockholder has nominated or proposes to nominate one or more persons for election as a director and the nomination has not been withdrawn at least fourteen days prior to the date on which notice of the meeting is first mailed to stockholders, which would thereby cause the number of director nominees to exceed the number of directors to be elected at the meeting.

Under Maryland law, if an incumbent director is not re-elected at a meeting of stockholders at which he or she stands for re-election then the incumbent director continues to serve in office as a holdover director until his or her successor is elected. To address this holdover issue, Article II, Section 4 of our Bylaws would also be amended to provide that if an incumbent director is not re-elected due to his or her failure to receive a majority of the votes cast in an uncontested election, the director will promptly tender his or her resignation as a director, subject to acceptance by the Board. The Governance Committee would then be charged with making a recommendation to the Board as to whether to accept or reject the tendered resignation, or whether other action should be taken. The Board would be required to publicly disclose within 90 days of certification of the stockholder vote its decision and rationale regarding whether it accepted or rejected the resignation or describe what other action it took in response to the tendered resignation.

The foregoing summary of the proposed amendments to Article II, Section 4 of our Bylaws is qualified in its entirety by reference to the full text of the proposed amendments, which are attached as [Appendix B](#) to this Proxy Statement.

Our Board has approved the amendments to Article II, Section 4 of our Bylaws to adopt a majority vote standard in uncontested elections of directors, subject to and conditioned upon stockholder approval of the amendments at the Annual Meeting. If approved, the amendments to our Bylaws will become effective immediately following the Annual Meeting and will apply to any uncontested election of directors occurring at a meeting of stockholders after the Annual Meeting at which directors are to be elected. If the amendments to our Bylaws are not approved, Article II, Section 4 of the Bylaws will remain as currently in effect and a plurality vote standard would continue to apply to all elections of directors.

Vote Required

The amendment to our Bylaws to adopt a majority vote standard in uncontested elections of directors will be approved if a majority of the votes cast at the Annual Meeting are cast in favor of the proposal.

Recommendation

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR THE AMENDMENT OF THE COMPANY S BYLAWS TO ADOPT A MAJORITY VOTING PROVISION FOR UNCONTESTED ELECTIONS OF DIRECTORS.

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Proposal 5 Ratification of Appointment of Independent Registered Public Accounting Firm

We are seeking stockholder ratification of our appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014.

A representative of Deloitte & Touche LLP is expected to be present at our Annual Meeting, be available to respond to appropriate questions and will have the opportunity to make a statement if desired.

Stockholder ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm is not required by our Bylaws or otherwise. However, the Board is submitting the appointment of Deloitte & Touche LLP to the stockholders for ratification as a matter of good corporate governance. If the stockholders fail to ratify the appointment, the Audit Committee may reconsider whether or not to retain Deloitte & Touche LLP. Even if the appointment is ratified, the Audit Committee, in its discretion, may appoint a different independent registered public accounting firm at any time during the year if the Audit Committee determines that such a change would be in the best interests of the Company and our stockholders.

Vote Required

Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm will be approved if a majority of the votes cast at the Annual Meeting are cast in favor of the proposal.

Recommendation

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL 2014.

Proposal 6 Stockholder Proposal

We have been notified that the New York City Employees Retirement System, the New York City Fire Department Pension Fund, the New York City Teachers Retirement System, the New York City Police Pension Fund, and the New York City Board of Education Retirement System (collectively, the New York City Systems), 1 Centre St., New York, New York 10007, and The City of Philadelphia Public Employees Retirement System (the Philadelphia System), Two Penn Center Plaza, 16th Floor, Philadelphia, Pennsylvania 19102, intend to present a non-binding proposal for consideration at the Annual Meeting. The New York City Systems represent that they are the beneficial owner of 1,126,479 shares of our common stock and the Philadelphia System represents that it is the beneficial owner of 7,020 shares of our common stock. The stockholders making this proposal have provided the proposal and supporting statement, which is set forth below.

The Board opposes adoption of the proposal and asks stockholders to review the Board's statement in opposition to the proposal, which follows the stockholders' proposal and supporting statement below.

Stockholder Proposal Regarding Proxy Access

RESOLVED: Shareholders of Kilroy Realty Corporation ask the board of directors (the Board) to adopt, and present for shareholder approval, a proxy access bylaw. Such a bylaw shall require Kilroy to include in proxy materials prepared for a shareholder meeting at which directors are to be elected the name, Disclosure and Statement (as defined herein) of any person nominated for election to the board by a shareholder or group (the Nominator) that meets the criteria established below. Kilroy shall allow shareholders to vote on such nominee on Kilroy's proxy card.

The number of shareholder-nominated candidates appearing in proxy materials shall not exceed one quarter of the number of directors then serving. This bylaw, which shall supplement existing rights under Kilroy's bylaws, should provide that a Nominator must:

- a) have beneficially owned 3% or more of Kilroy's outstanding common stock continuously for at least three years before the nomination is submitted;
- b) give Kilroy written notice within the time period identified in Kilroy's bylaws of the information required by the bylaws and any rules of the Securities and Exchange Commission about (i) the nominee, including consent to being named in the proxy materials and to serving as a director if elected; and (ii) the Nominator, including proof it owns the required shares (the Disclosure); and
- c) certify that (i) it will assume liability stemming from any legal or regulatory violation arising out of the Nominator's communications with Kilroy shareholders, including the Disclosure and Statement; (ii) it will comply with all applicable laws and regulations if it uses soliciting material other than Kilroy's proxy materials; and (c) to the best of its knowledge, the required shares were acquired in the ordinary course of business and not to change or influence control at Kilroy.

The Nominator may submit with the Disclosure a statement not exceeding 500 words in support of the nominee (the Statement). The board shall adopt procedures for promptly resolving disputes over whether notice of a nomination was timely, whether the Disclosure and Statement satisfy the bylaw and any applicable federal regulations, and the priority to be given to multiple nominations exceeding the one-quarter limit.

SUPPORTING STATEMENT

We believe long-term shareholders should have a meaningful voice in electing directors. The case for Kilroy is compelling: its long-serving Board has repeatedly awarded excessive CEO compensation relative to performance and been unresponsive to shareholder concerns. Among our specific concerns with the Board's independence, responsiveness and accountability:

Kilroy is one of only three companies at which shareholders have rejected management's say-on-pay (SOP) proposal for three consecutive years (as of November 20, 2013; see http://www.shallpartners.com/wp-content/uploads/2013/11/SOP_Fails-11.20.2013-Legal.pdf).

In 2013, shareholders not only overwhelmingly rejected management's SOP and equity incentive plan proposals, but also withheld the majority of votes cast from Kilroy's non-executive directors, all four of whom remained on the Board.

The average and median tenure of Kilroy's non-executive directors will reach 13 years and 17 years, respectively, in 2014.

Proposal 6 Stockholder Proposal

We urge shareholders to vote FOR this proposal.

Statement Against Stockholder Proposal

The Board recommends that stockholders vote **AGAINST** this proxy access proposal, which would introduce an unnecessary and potentially costly and destabilizing dynamic into the Board election process.

We ask that stockholders evaluating this proposal consider it in the context of our overall corporate governance practices. As described in more detail below, our current corporate governance structure provides our stockholders with the opportunity to have a meaningful voice in the director nomination and election process, ensures that our Board has the independence, expertise and commitment to effectively oversee management's performance and enhances stockholder value over the long term.

Our current corporate governance structure reflects a significant and ongoing commitment to our stockholders and demonstrates a willingness to be responsive and accountable to our stockholders.

Board Refreshment

During our engagements with stockholders in 2013, some expressed concern with the long average tenure of our Board. In response to this concern, our Board approved the Governance Committee's selection of two new director nominees for election at the Annual Meeting. We believe the addition of Mr. Stoneberg and Mr. Stevenson will bring new and additional perspective to our Board.

Majority Vote Standard

In a separate proposal to be voted on at the Annual Meeting (Proposal No. 4), our Board recommends that stockholders approve a majority vote standard for uncontested elections of directors. We believe that the implementation of a majority vote standard is representative of a much more equitable election standard that would be available to all stockholders equally and is a superior method for further strengthening director accountability to our stockholders than proxy access. If Proposal No. 4 is approved at the Annual Meeting, an incumbent director who fails to attain a majority of votes cast in an uncontested election would be required to tender his or her resignation to the Governance Committee and the Board, enabling the Board to reach a determination on the director's ongoing tenure. A majority vote standard would, therefore, provide our stockholders with a more meaningful role in director elections. Proxy access by its nature, however, would negate majority voting each and every time, as it would result in a contested election that would require directors to be elected by a simple plurality vote.

Adverse Impact on Board Process

Stockholders already have many avenues to influence and oversee our Board. Proxy access would bypass existing, important governance processes including:

Our independent Governance Committee.

Our lead independent director of the Board (Lead Independent Director), who has extensive and clearly delineated responsibilities.

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The annual election of all directors because our Board is de-staggered.

Robust director independence standards, which have resulted in all of our director nominees other than our Chairman, being independent and qualified to serve on our principal Board committees.

Opportunity to recommend director candidates to our Governance Committee, which the committee considers on the same basis as other proposed nominees (as described on page 35 of this Proxy Statement).

The ability of stockholders to directly nominate candidates for our Board and solicit proxies for their nominees in accordance with the Maryland General Corporation Law and our Bylaws.

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Proposal 6 Stockholder Proposal

Moreover, proxy access bypasses the rigorous screening of director candidates undertaken by our Governance Committee as described on page 34 of this Proxy Statement, and allows a stockholder to place directly into nomination candidates who may fail to meet the independence or other qualifications established by our Board or who may fail to contribute to the mix of experiences, skills and perspectives needed for an effective Board.

Enhanced Stockholder Engagement and Responsiveness

We are committed to fostering open and productive dialogue with our stockholders. Spearheaded by Dr. Edward F. Brennan, who was recently appointed as our Lead Independent Director, we have enhanced our stockholder engagement outreach program in the last year, speaking with and soliciting input from stockholders who together own more than two-thirds (66.7%) of our outstanding shares of common stock.

We have demonstrated our responsiveness to stockholder engagement by proposing that our stockholders vote FOR a majority vote standard in uncontested elections of directors, which strengthens the link between pay and performance, and appointing a Lead Independent Director with clearly delineated responsibilities.

We have also adopted a number of compensation-related policies that we believe to be best practices in executive compensation, including the following:

Implemented anti-hedging, anti-pledging and clawback policies;

Adopted minimum stock ownership guidelines applicable to our NEOs and non-employee directors, including stock holding requirements for our NEOs;

Removed single-trigger change in control severance provisions from all of our employment agreements; and

Eliminated tax gross ups and provisions for automatic accelerated vesting of performance-based equity awards upon a termination due to retirement.

Moreover, as described on page 35 of this Proxy Statement, our stockholders have a built-in mechanism by which they may communicate directly with members of our Board, including our Lead Independent Director and our other Independent Directors (as defined in accordance with our Bylaws and the listing standards of the NYSE).

Higher Risk of Board Disruption Where Investor Base is Concentrated

The application and ultimate utility of the proxy access mechanism sought by this proposal is untested in the U.S. market and could have unintended consequences. To date, only two Russell 3000 U.S. companies have adopted proxy access since the United States Court of Appeals for the District of Columbia overturned the Securities and Exchange Commission's mandatory proxy access rule in 2011. Moreover, most proxy access stockholder proposals like this one have been submitted to larger companies with more dispersed stockholder bases.

As of December 31, 2013, our 25 largest stockholders owned in the aggregate more than 80% of our outstanding common stock. Eight of these stockholders would have a proxy access right if we adopted a proxy access mechanism consistent with this proposal and the stockholder met the required three-year holding period. In addition, 17 of these stockholders own in excess of 1% of our common stock and could aggregate their holdings to gain a proxy access right. The arbitrarily low 3% threshold for placing nominees on the Company's proxy card therefore poses a greater danger of misuse than at a large-cap company with a less concentrated stockholder base.

Risk of Special Interests

We believe the proxy access mechanism could inject special interest politics into the boardroom by allowing a stockholder (or a small group of stockholders) with a narrowly tailored special interest or short-term goals to use proxy access to promote a specific agenda rather than act in the long-term interests of all of our stockholders. In our view, proxy access could politicize the election process for our Board at virtually no cost to the stockholder proponent. Moreover, unlike the Board, stockholders putting their own nominee on the Company proxy card do not have a fiduciary duty to act in the best interests of the Company and to protect fellow stockholders, and are free to pursue their narrow and potentially conflicting agendas irrespective of the greater corporate good.

Proposal 6 Stockholder Proposal

A proxy access bylaw, when coupled with the annual election of directors, could turn each year's annual meeting into a contested election, lead to high annual turnover on the Board, and divert management's time and attention away from the operation of our business. High turnover could lead to an inexperienced Board that lacks sufficient knowledge and understanding of our current and past business to provide meaningful and effective oversight of our operations. Additionally, abrupt changes in the composition of our Board could jeopardize the ability of our existing Board members to provide seamless and orderly strategic development and oversight. It could also result in a fragmented Board and hamper existing collaboration at the Board level.

Potential Costs and Expense

By facilitating proxy contests, proxy access sets up a procedure that could cause us to incur substantial additional costs with each annual election of directors. These proxy contests create an uneven playing field in which the stockholder nominee could spend few resources to promote its candidacy while we would bear the substantial expense of the proxy solicitation. These expenses include preparing the required disclosures, printing and mailing, communication efforts and the hiring of outside advisors. We already bear the expense of filing and distributing proxy materials which could contain the stockholder nominee, and our Board is likely to feel compelled to undertake an additional and expensive campaign to inform stockholders of the reasons the stockholder nominee should not be elected and to reiterate why the Board's nominees are in fact the best to ensure fulsome stockholder representation. The United States Court of Appeals for the District of Columbia overturned the Securities and Exchange Commission's proxy access rule precisely because it determined that the Securities and Exchange Commission had not adequately assessed the expense that proxy contests would entail.

In the absence of proxy access, the playing field is leveled, as the stockholder nominee would similarly need to undertake the expense of soliciting proxies on the nominee's behalf. The desire to avoid this expense has sometimes been cited as a reason for proxy access, but there is no reason why stockholders holding 3% of our outstanding shares of common stock (which as of the record date would constitute approximately \$143.3 million worth of shares) should not, if they have a legitimate interest in sitting on the Board, bear the expense of soliciting proxies.

Our Board believes its corporate governance approach provides effective Board accountability and that proxy access would be harmful to the Company and our stockholders.

Vote Required

The stockholder proposal regarding proxy access will be approved if a majority of the votes cast at the Annual Meeting are cast in favor of the proposal.

Recommendation

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE AGAINST THIS STOCKHOLDER PROPOSAL.

Our Board of Directors

Name	Age	Position With The Company	Director Since
Director Nominees:			
John B. Kilroy, Jr.	65	President, Chief Executive Officer and Chairman of the Board	1996
Edward F. Brennan, Ph.D.	62	Lead Independent Director	2003
Scott S. Ingraham	60	Director	2007
Dale F. Kinsella	65	Director	1997
Peter B. Stoneberg	58	Director	
Gary R. Stevenson	57	Director	
Retiring Director:			
William P. Dickey	71	Director	1997

We believe all of the current members of our Board possess the professional and personal qualifications necessary for effective service as a director. In addition to each nominee's specific experience, qualifications and skills, we believe that each nominee has a reputation for integrity, honesty and adherence to high ethical standards and has demonstrated business acumen and an ability to exercise sound business judgment. We believe all nominees have a commitment to the Company and to building long-term stockholder value.

Director Nominees

JOHN B. KILROY, Jr.

John B. Kilroy, Jr. was elected to serve as our Chairman of the Board (Chairman) in February 2013 and has been our President, CEO and a director since our incorporation in September 1996. Having led its private predecessor, Kilroy Industries, in a similar capacity, he became its President in 1981 and was elected Chief Executive Officer in 1991. Mr. Kilroy has been involved in all aspects of commercial and industrial real estate development, construction, acquisition, sales, leasing, financing, and entitlement since 1967. Mr. Kilroy actively led the Company to be one of the premier landlords on the West Coast with one of the largest LEED portfolios, spanning some of the strongest markets in the country, from Seattle to San Diego.

Mr. Kilroy serves on the board of governors of the National Association of Real Estate Investment Trusts, the Policy Advisory Board for the Fisher Center for Real Estate and Urban Economics at the University of California, Berkeley, and the board of New Majority Los Angeles. Mr. Kilroy previously served on the board of New Majority California. He is a past trustee of the El Segundo Employers Association, Viewpoint School, Jefferson Center for Character Education, and the National Fitness Foundation. He was also a member of the San Francisco America's Cup Organizing Committee. Mr. Kilroy attended the University of Southern California.

Specific Qualifications, Attributes, Skills and Experience:

Mr. Kilroy was nominated to serve on our Board because of his more than 30 years of experience with our Company and its predecessors, including 15 years as our President and CEO and approximately 15 and five years as our predecessor's President and CEO, respectively, as well as his experience in acquiring, owning, developing, and managing real estate and his service on the board of governors of a national real estate trade organization.

EDWARD F. BRENNAN, Ph.D.

Edward F. Brennan, Ph.D. has been a member of our Board since July 2003 and our Lead Independent Director since March 2014. Until March 2014, Dr. Brennan was Chief Executive Officer of Nexus Dx, Inc., a medical diagnostics company located in San Diego, California. In November 2011, Nexus was acquired by Samsung Electronics Co., Ltd. from ITC Nexus Holding Company, where Dr. Brennan had been Chief Integration Officer following the merger of Nexus Dx, Inc. and International Technidyne Corporation. Previously, he was President and Chief Operating Officer of CryoCor, Inc. until June 2008, when the

Our Board of Directors

company was sold to Boston Scientific Corporation. From January 2004, he served as chairman of HemoSense Inc. until its sale to Inverness Medical Innovations in November 2007. While a director of HemoSense since 2000, he was also a Managing Partner of Perennial Ventures, a Seattle-based venture capital firm beginning in 2001. Prior to that time, he served as Vice President at Tredegar Investments. Dr. Brennan has participated in the development, management and financing of new medical technology ventures for over 30 years, including scientific and executive positions with Syntex, Inc., UroSystems, Inc., Medtronic Inc., DepoMed Systems, Inc. and CardioGenesis Corp. Dr. Brennan also serves on the board of directors of several private companies and serves on the Board of Trustees of Goucher College, Baltimore, Maryland. Dr. Brennan holds B.A. degrees in chemistry and biology and a Ph.D. in biology from the University of California, Santa Cruz.

Specific Qualifications, Attributes, Skills and Experience:

Dr. Brennan was nominated to serve on our Board because of his executive management and board of directors experience with both public and private companies and specifically, his over 30 years of experience with companies in the health sciences and medical industries, which have historically been target tenants of the Company.

SCOTT S. INGRAHAM

Scott S. Ingraham, chairman of the Audit Committee, has been a member of our Board since 2007. He is the co-owner of Zuma Capital, a firm engaged in private equity and angel investing. He was the co-founder (1999), Chairman and CEO of Rent.com, an Internet-based residential real estate site, before it was sold to eBay in 2005. Mr. Ingraham previously served as the President and CEO of Oasis Residential (Oasis), a public apartment REIT that merged with Camden Property Trust (Camden) in 1998. Mr. Ingraham was also a co-founder of Oasis, which was founded in 1992. Mr. Ingraham, in addition to serving on the Company's Board, serves on the board of trust managers of Camden, CPT: NYSE (since 1998) and the board of directors of Real Page, RP: NASDAQ (since 2012). He also served on the board of directors of LoopNet, LOOP: NASDAQ for six years before it was acquired by Co-Star in 2012. Prior to co-founding Oasis, Mr. Ingraham's career was devoted to real estate finance, mortgage and investment banking. He earned a Bachelor's Degree in Business Administration from the University of Texas at Austin in 1976.

Specific Qualifications, Attributes, Skills and Experience:

Mr. Ingraham was nominated to serve on our Board because he possesses extensive financial and real estate knowledge based on his experience as Chairman and CEO of Rent.com, President and CEO of Oasis, a member of the board of trustees and a member of the nominating, corporate governance and compensation committees of Camden, a member of the board of directors and audit committee of LoopNet and a member of the board of directors and audit committee of RealPage, Inc.

DALE F. KINSELLA

Dale F. Kinsella has been a member of our Board since our inception as a public company in January 1997. Mr. Kinsella has been a partner with the law firm of Kinsella, Weitzman, Iser, Kump & Aldisert, LLP since April 2006. Previously, he was a partner with the Los Angeles law firm of Greenberg, Glusker, Fields, Claman, Machtinger & Kinsella, LLP. Prior to that, he had been a partner with the law firm of Kinsella, Boesch, Fujikawa & Towle. Mr. Kinsella received his undergraduate degree from the University of California at Santa Barbara and his Juris Doctor degree from the University of California at Los Angeles.

Specific Qualifications, Attributes, Skills and Experience:

Mr. Kinsella was nominated to serve on our Board because we believe he possesses valuable skills and expertise based on his over 30 years of experience as a lawyer.

PETER B. STONEBERG

Peter B. Stoneberg is currently Managing Partner of Velocity Ventures, LLC (Velocity Ventures), a merchant banking firm that he founded in 2000. From 2000 to 2006, Mr. Stoneberg was with Bank of America Capital Investors (BACI), an investment firm specializing in middle market and large capitalization companies, serving as an investment partner to BACI. Mr. Stoneberg also served as Senior Managing Director of Montgomery Securities, where he founded and led the Technology

Our Board of Directors

M&A group, beginning in 1994 until its acquisition by Bank of America in 1999. Prior to such time, Mr. Stoneberg served in various other roles, including Managing Director of Broadview Associates from 1992 to 1994. Previously, he was with IBM and ROLM Corp. as a Marketing Manager and has served as a private equity investor and on the board of directors for Cupertino Electric, Saleslogix Corp. and Netcom Systems. Mr. Stoneberg also previously served as a founder and member of the San Francisco America's Cup Organizing Committee. Mr. Stoneberg received his Bachelor's Degree in Business from the University of Colorado.

Specific Qualifications, Attributes, Skills and Experience:

Mr. Stoneberg was nominated to serve on our Board because of his significant relationships, experience with and knowledge of large and small companies in the high-technology industry, particularly those within the San Francisco Bay Area, which have historically been target tenants of the Company. Mr. Stoneberg also possesses extensive knowledge in the areas of raising equity and debt capital and mergers and acquisitions based on his experience at BACI, Montgomery Securities and Velocity Ventures, and has experience as an active board member at three companies, including as a member of the Audit and Compensation Committees of Netcom Systems and Cupertino Electric.

GARY R. STEVENSON

Gary R. Stevenson has been President and Managing Director of MLS Business Ventures of Major League Soccer since July 2013. Prior to such time, Mr. Stevenson served as President of PAC-12 Enterprises ([Pac-12](#)) from 2011 to 2013, where he managed a diversified and integrated company, including the Pac-12 Networks and Pac-12 Properties. Before joining Pac-12, Mr. Stevenson was Chairman and Chief Executive Officer of OnSport Strategies, a sports and entertainment consulting company that he founded in 1997 and later sold to Wasserman Media Group in 2007. From 2007 to 2010, Mr. Stevenson served as Principal for Wasserman Media Group to help handle the integration of OnSports Strategies. Mr. Stevenson previously also served as President of NBA Properties, Marketing and Media for the National Basketball Association from 1995 to 1997, as Chief Operating Officer and Executive Vice President of The Golf Channel from 1994 to 1995 and as Executive Vice President, Business Affairs for PGA Tour from 1987 to 1994. Mr. Stevenson received his undergraduate degree from Duke University and his Master's Degree in Business Administration from George Washington University.

Specific Qualifications, Attributes, Skills and Experience:

Mr. Stevenson was nominated to serve on our Board because of his extensive business and operational experience, including his founding role at OnSport Strategies, and his roles as President of Pac-12 and currently as President and Managing Partner of MLS Business Ventures of Major League Soccer. The Board believes these positions and Mr. Stevenson's entrepreneurship success will bring a diverse set of skills, experiences and relationships to our Board.

Retiring Director

WILLIAM P. DICKEY

William P. Dickey, who has been a member of our Board since our inception as a public company in January 1997, is not standing for re-election at the Annual Meeting and will retire from our Board immediately prior to the Annual Meeting. Mr. Dickey has been the President of The Dermot Company, Inc., a real estate investment and management company since 1990. From 1986 to 1990, Mr. Dickey was a Managing Director of Real Estate for the First Boston Corporation. Prior to 1986, Mr. Dickey was a partner at the New York law firm of Cravath, Swaine & Moore, where he started as an associate beginning in 1974. Mr. Dickey received his undergraduate degree from the United States Air Force Academy, his Master's degree from Georgetown University and his Juris Doctor degree from Columbia Law School.

Specific Qualifications, Attributes, Skills and Experience:

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Mr. Dickey was previously selected to serve on our Board because he possesses valuable skills and real estate expertise based on his 25 years of experience in real estate investment, financing, and management, including his over 20 years as President of The Dermot Company, Inc. and four years as a Managing Director of Real Estate at First Boston Corporation, and his 12 years of legal experience at Cravath, Swaine & Moore.

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Corporate Governance at Kilroy Realty Corporation

Board Composition and Governance

Director Attendance

During the year ended December 31, 2013, the Board held four meetings. All directors who served as such during 2013 attended at least 75% of the total number of meetings of the Board and meetings of the Board committees on which each director served that were held during the year. Directors are encouraged to attend in person the annual meeting of stockholders of the Company. All incumbent directors attended the 2013 annual meeting of stockholders.

Independent Directors

Each of Messrs. Dickey, Ingraham and Kinsella and Dr. Brennan are considered by the Board to be Independent Directors and if elected at the Annual Meeting, each of Messrs. Stoneberg and Stevenson will be considered by the Board to be an Independent Director. An Independent Director is a director who (i) is not an employee, officer or affiliate of the Company or any of its subsidiaries or divisions, or a relative of a principal executive officer, and who is not an individual member of an organization acting as an advisor, consultant or legal counsel receiving compensation from the Company in addition to director's fees and (ii) satisfies the independence standards set forth in the current listing standards of the NYSE. In addition, in accordance with a categorical standard of independence adopted by the Board, no Independent Director may be a director, officer or affiliate of another entity with which the Company has entered into a transaction or transactions during the preceding fiscal year valued in the aggregate at greater than \$100,000.

Independent Director Meetings

The Independent Directors meet regularly in executive session without the presence of management. These meetings are generally held on the date of each regularly scheduled Board meeting and on an as-needed basis. Dr. Brennan, our Lead Independent Director (as defined below), presides over these meetings.

Board Leadership Structure and Lead Independent Director

Our Corporate Governance Guidelines and our Bylaws permit the roles of Chairman and CEO to be filled by the same or different individuals. Our Board believes it is important to select our Chairman and our CEO in the manner it considers in the best interests of the Company and our stockholders at any given point in time. The Independent Directors on our Board assess the role of Chairman and CEO annually to ensure that the Company's leadership structure best fits the Company's specific circumstances and short and long-term challenges.

At this time, our Board believes that the Company and our stockholders are best served by having Mr. Kilroy serve as our Chairman and CEO. Mr. Kilroy's combined role as Chairman and CEO demonstrates clearer accountability and provides a single leader who speaks with one voice to our stockholders, tenants, partners, employees, other stakeholders and the public. The combined Chairman and CEO role also enhances transparency between management and our Board by serving as an efficient and effective bridge for communication between the Board and management on significant business developments and time-sensitive matters, and provides unified leadership for carrying out our strategic initiatives and business plans. The combined Chairman and CEO role is both counterbalanced and enhanced by the independence of the Board and our independent committee chairs and our Lead Independent Director.

In March 2014, our Board amended our Corporate Governance Guidelines to provide that if the Chairman is also our CEO, or if the Chairman is not otherwise an Independent Director, the Independent Directors will elect annually from amongst themselves a Lead Independent Director. Dr. Brennan is currently our Lead Independent Director and brings to this role considerable skills and experience, as described above in Our Board of Directors. The role of our Lead Independent Director is designed to further promote the independence of our Board and appropriate oversight of management and to facilitate free and open discussion and communication among the Independent Directors.

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Corporate Governance at Kilroy Realty Corporation

The responsibilities of our Lead Independent Director are clearly delineated in our Corporate Governance Guidelines and include:

Presiding at all meetings of our Board at which the Chairman is not present, including executive sessions of the Independent Director;

Serving as liaison between the Chairman and the Independent Directors;

Approving information sent to our Board;

Approving agendas for meetings of our Board;

Approving meeting schedules of our Board to ensure that there is sufficient time for discussion of all agenda items;

Developing agendas for and calling meetings of the Independent Directors when necessary or appropriate; and

Being available for consultation and direct communication if requested by major stockholders.

We believe this current leadership structure with the combined Chairman and CEO leadership role and a Lead Independent Director enhances our Board's ability to provide insight and direction on important strategic initiatives and, at the same time, promotes effective and independent oversight of management and our business.

Board Oversight of Risk

Our Board is actively involved in risk oversight, and the Board as a whole directly oversees strategic, operating, financial, and liquidity risks. Operational, financial and strategic presentations by management to the Board include consideration of the challenges and risk to our business, and the Board and management actively engage in discussion on these topics.

In addition, our Board has delegated oversight for specific areas of risk exposure to committees of our Board as follows:

Audit Committee. Reviews specific critical accounting issues with management and the overall impact that those issues may have on our financial position and risk profile. Discusses legal and compliance matters and assesses the adequacy of our risk-related internal controls, which includes an annual review of our fraud risk assessment as part of its general oversight responsibility for the quality and integrity of our financial statements and accounting internal controls.

Compensation Committee. Oversees, among other things, the assessment and management of risks related to the Company's compensation plans and policies, and structures our executive compensation programs so as to appropriately reward executives for growth without undue risk taking. The Compensation Committee has evaluated our compensation policies and programs and

believes that our compensation policies and practices are not reasonably likely to have a material adverse effect on the Company.

Governance Committee. Oversees Board processes and corporate governance-related risks.

Independent Committee. Reviews all related party transactions, including the risks relating to those transactions impacting the Company.

At each regular meeting of our Board, the chairperson of each committee reports to the full Board regarding the matters reported and discussed at any committee meetings, including any matters relating to risk assessment or risk management. Our CEO, Chief Financial Officer, Chief Operating Officer, Chief Accounting Officer and Senior Vice President, Corporate Counsel regularly attend meetings of these committees when they are not in executive session, and often report on matters that may not be otherwise addressed at these meetings. In addition, our directors are encouraged to communicate directly with members of management regarding matters of interest, including matters related to risk, at times when meetings are not being held.

Our Board believes that the processes it has established to administer the Board's risk oversight function would be effective under a variety of leadership frameworks and, therefore, do not have a material effect on our choice of the Board's leadership structure described above under Board Leadership Structure.

Corporate Governance at Kilroy Realty Corporation

Succession Planning

Pursuant to our Corporate Governance Guidelines, our Board and our CEO review succession planning and management performance and development on a regular basis. The Board also maintains an emergency succession plan that it and the CEO review periodically.

Code of Business Conduct and Ethics

Our Board has adopted a Code of Business Conduct and Ethics that applies to our directors, officers (including the CEO, Chief Financial Officer, Chief Accounting Officer and Controller and other members of senior financial management), employees, agents and consultants. This Code of Business Conduct and Ethics satisfies the requirements of a code of business conduct and ethics under the NYSE listing standards and a code of ethics within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and applicable Securities and Exchange Commission rules. This Code of Business Conduct and Ethics is available in the Investor Relations Corporate Governance section of the Company's website at <http://www.kilroyrealty.com>. Amendments to, or waivers from, a provision of this Code of Business Conduct and Ethics that apply to the Company's directors or executive officers, including the CEO, Chief Financial Officer, Chief Accounting Officer, Controller and other members of senior financial management, may be made only by the Board or a Board committee and will be promptly posted on our website to the extent required by applicable Securities and Exchange Commission rules and NYSE listing standards.

Board Committees

Our Board has a standing Audit Committee, Compensation Committee, Governance Committee, Independent Committee and Executive Committee. Our Audit Committee, Compensation Committee and Governance Committee each operate under a written charter adopted by our Board, which is available in the Investor Relations Corporate Governance section of the Company's website at <http://www.kilroyrealty.com>.

Director Name	Audit	Compensation	Governance	Independent	Executive
Edward F. Brennan, Ph.D.					
William P. Dickey					
Scott S. Ingraham					
Dale F. Kinsella					
John B. Kilroy, Jr.					
Lead Independent Director	Independent Director	Financial Expert			
Committee Member	Committee Chairperson				

Mr. Dickey, a current member of our Board, is not standing for re-election at the Annual Meeting. The Board has not yet determined the committee(s) of the Board to which Mr. Stoneberg and Mr. Stevenson will be named if elected at the Annual Meeting. However, the Board intends to make changes to the composition of its Board committees effective as of the date of the Annual Meeting so that the membership of each Board committee will satisfy the requirements of each committee's written charter and applicable NYSE listing rules.

Audit Committee

The Audit Committee's purpose is to assist the Board in fulfilling its oversight responsibilities regarding (i) the quality and integrity of the Company's financial statements; (ii) the Company's compliance with legal and regulatory requirements; (iii) the independent auditor's qualifications and independence; (iv) the Company's accounting and system of internal controls; and (v) the performance of the Company's

internal audit function and independent auditor. In addition, each of Messrs. Ingraham and Dickey and Dr. Brennan is financially literate and is an audit committee financial expert as determined by the Board in accordance with the applicable rules of the NYSE and the Securities and Exchange Commission. Our Board has determined that each member of the Audit Committee satisfies the enhanced independence standards applicable to audit committees

Corporate Governance at Kilroy Realty Corporation

pursuant to Rule 10A-3(b)(i) under the Exchange Act and the NYSE listing standards, is financially literate and is an audit committee financial expert as determined by the Board in accordance with rules promulgated by the Securities and Exchange Commission. The Audit Committee held six meetings during 2013. Information regarding the specific functions performed by the Audit Committee is set forth in the Audit Committee Report below.

Executive Compensation Committee

The Compensation Committee is responsible for, among other things: (i) establishing, reviewing and approving our compensation philosophy; (ii) reviewing and approving corporate goals and objectives relating to the compensation of the CEO, evaluating the performance of the CEO in light of those goals and objectives, and reviewing and approving the compensation of the CEO based on such evaluation; (iii) reviewing and approving all compensation for our other executive officers, including salary, cash and equity incentive compensation awards (including all annual bonus, long-term incentive compensation, stock option, and other equity-based awards), perquisites and all executive officers employment, change of control, and severance arrangements; (iv) administering, reviewing, and approving all employee retirement and welfare benefit plans; (v) reviewing and approving our policies with respect to severance and change of control payments; and (vi) preparing the Compensation Committee Report included in this Proxy Statement. The Compensation Committee held four meetings in 2013.

Our Board has determined that each member of the Compensation Committee satisfies the additional independence requirements specific to compensation committee membership under the NYSE listing standards. In making this determination, the Board considered whether the director has a relationship with the Company that is material to the director's ability to be independent from management in connection with the duties of a member of the Compensation Committee.

In fulfilling its responsibilities, the Compensation Committee may delegate any or all of its responsibilities to a subcommittee of the Compensation Committee, except that the Compensation Committee is not permitted to delegate to a subcommittee any matter involving the review or approval of executive compensation, including compensation intended to comply with Section 162(m) or intended to be exempt from Section 16(b) under the Exchange Act pursuant to Rule 16b-3, or the review of, or grant of awards under, annual bonus, long-term incentive compensation, stock option, employee pension and welfare benefit plans.

In accordance with the Compensation Committee's charter, the Compensation Committee may retain independent compensation and other management consultants to assist with, among other things, evaluating our various compensation programs, both individually and in the aggregate, including levels of salary, cash and equity incentives, benefits and other perquisites and awards payable to our key personnel, as well as to advise the Compensation Committee with respect to the development of performance objectives that will contribute to our short-term and long-term profitability, growth and total return to stockholders. In 2013, the Compensation Committee retained Mercer to assist it in reviewing our compensation programs and the evaluation of specific compensation-related matters. Mercer provides data on the compensation and relative performance of our peer group, makes presentations on matters affecting compensation, provides assessments of the degree to which our compensation arrangements are consistent with market practices and our corporate objectives, provides assistance with the design and performance considerations associated with our annual and long-term incentive programs, and consults on other compensation matters as needed. Mercer also meets privately in executive session with the Compensation Committee. The Compensation Committee has assessed the independence of Mercer and has concluded that its engagement of Mercer does not raise any conflict of interest with the Company or any of its directors or executive officers.

Certain of our executive officers aid the Compensation Committee in reviewing and analyzing our executive compensation program. Specifically, our CEO and our Chief Financial Officer provide recommendations to the Compensation Committee regarding the compensation of all other executive officers. Our CEO also presents the overall results of the Company's performance and achievement of historical and go-forward goals and objectives, provides evaluations for other executive officers, reviews peer group information and compensation consultant recommendations and participates in certain Compensation Committee meetings at the invitation of the Compensation Committee. Other executive officers may periodically participate in the compensation process and Compensation Committee meetings at the invitation of the Compensation Committee to advise on performance and/or activity in areas with respect to which these executive officers have particular knowledge or expertise.

Corporate Governance at Kilroy Realty Corporation

Nominating/Corporate Governance Committee

The purpose of the Governance Committee is to (i) identify individuals qualified to become Board members, (ii) recommend Board members to chair Board committees, (iii) recommend nominees for election as directors at the Company's annual meeting of stockholders and any special meeting of stockholders, as necessary, (iv) select director candidates to fill any vacancies on the Board, (v) oversee matters of corporate governance, including the evaluation of the Board's performance and processes, and assignment and rotation of members of Board committees, and (vi) annually review and propose changes to the Board to the Company's Corporate Governance. The Governance Committee held two meetings in 2013.

Additionally, the Governance Committee has the authority to engage any independent counsel or other outside expert or advisors it deems desirable or appropriate to carry out its responsibilities. In 2013, the Governance Committee retained Korn / Ferry, an independent executive search firm, to assist the Governance Committee in identifying prospective director candidates to serve on our Board.

Independent Committee

The Independent Committee reviews and approves all transactions between the Company and its affiliates, including its officers and directors, and any of their respective affiliates.

Executive Committee

Subject to our conflict of interest policies, the Executive Committee has authority to acquire and dispose of real property and the power to authorize, on behalf of the full Board, the execution of certain contracts and agreements, including those related to the borrowing of money by the Company (and, consistent with the Agreement of Limited Partnership of the Operating Partnership, as amended from time to time, to cause the Operating Partnership to take such actions).

Director Selection and Communications

Qualifications of Director Nominees

The Governance Committee has established Standards for Overall Structure and Composition of the Board and Minimum Director Qualifications (the Standards) as a guideline in considering nominations to the Company's Board. The criteria, which are not exhaustive, include, but are not limited to, loyalty, reputation, character, knowledge, experience, education, business judgment, diligence, stock ownership, independence and ability to contribute to Board balance and diversity. The Governance Committee does not assign specific weights to particular criteria, and no particular criterion is necessarily applicable to all prospective nominees. In considering diversity, the Governance Committee and the Board recognize that nominees for the Board should reflect a reasonable diversity of backgrounds and perspectives, including those backgrounds and perspectives with respect to business experience, professional expertise, age, gender, and ethnic background. The Governance Committee and the Board may also consider other qualifications and attributes that they believe are appropriate in evaluating the ability of an individual to serve as a member of the Board. The Governance Committee reviews and assesses the effectiveness of the Standards annually.

Process for Identifying and Evaluating Nominees for Director

Prior to each annual meeting of stockholders at which directors are to be elected, and whenever there is otherwise a vacancy on the Board, the Governance Committee will consider incumbent Board members and other well-qualified individuals as potential director nominees. The Governance Committee will review each potential candidate's qualifications in light of the Standards, described above. The Governance

Committee will select the candidate or candidates it believes are the most qualified to recommend to the Board for selection as a director nominee. Candidates recommended by a stockholder are evaluated in the same manner as candidates identified by a Governance Committee member.

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Corporate Governance at Kilroy Realty Corporation

Stockholder-Recommended Director Candidates

The Governance Committee will consider director candidates recommended by stockholders of the Company. All recommendations must be directed to the Governance Committee c/o Secretary at 12200 W. Olympic Boulevard, Suite 200, Los Angeles, California 90064. Recommendations for director nominees to be considered at the 2015 annual meeting of stockholders must be received in writing not later than December 12, 2014, which is 120 days prior to the one-year anniversary of the date this Proxy Statement is first available to stockholders.

Each stockholder recommending a person as a director candidate must provide the Company with the following information for the Governance Committee to determine whether the recommended director candidate is independent from the stockholder, or each member of the stockholder group, that has recommended the director candidate:

If the recommending stockholder or any member of the recommending stockholder group is a natural person, whether the recommended director candidate is the recommending stockholder, a member of the recommending stockholder group, or a member of the immediate family of the recommending stockholder or any member of the recommending stockholder group;

If the recommending stockholder or any member of the recommending stockholder group is an entity, whether the recommended director candidate or any immediate family member of the recommended director candidate is an employee of the recommending stockholder or any member of the recommending stockholder group or has been at any time during the current or preceding calendar year;

Whether the recommended director candidate or any immediate family member of the recommended director candidate has accepted directly or indirectly any consulting, advisory or other compensatory fees from the recommending stockholder or any member of the group of recommending stockholders, or any of their respective affiliates during the current or preceding calendar year;

Whether the recommended director candidate is an executive officer, director (or person fulfilling similar functions) of the recommending stockholder or any member of the recommending stockholder group, or any of their respective affiliates; and

Whether the recommended director candidate controls the recommending stockholder or any member of the recommending stockholder group.

The recommending stockholder must also provide supplemental information that the Governance Committee may request to determine whether the recommended director candidate (i) is qualified to serve on the Audit Committee, (ii) meets the standards of independence established by the NYSE, and (iii) satisfies the Standards, described above. In addition, the recommending stockholder must include the consent of the recommended director candidate and the recommended director candidate must make himself or herself reasonably available to be interviewed by the Governance Committee. The Governance Committee will consider all recommended director candidates submitted to it in accordance with these established procedures, although it will only recommend to the Board as potential nominees those candidates it believes are most qualified. However, the Governance Committee will not consider any director candidate if the candidate's candidacy or, if elected, Board membership, would violate controlling state law or federal law.

Stockholder Communications with the Board

Stockholders may send correspondence to the Board c/o Secretary at 12200 W. Olympic Boulevard, Suite 200, Los Angeles, California 90064. The Secretary will review all correspondence addressed to the Board, or any individual Board member, for any inappropriate correspondence and correspondence more suitably directed to management. The Secretary will summarize all correspondence not forwarded to the Board and

make the correspondence available for review at the Board's request. The Secretary will forward stockholder communications to the Board prior to the next regularly scheduled meeting of the Board following the receipt of the communication, as appropriate.

Interested Party Communications with the Independent Directors

Any interested party may send correspondence to the Independent Directors as a group, or to Dr. Brennan, as our Lead Independent Director, directly, c/o Secretary at 12200 W. Olympic Boulevard, Suite 200, Los Angeles, California 90064. The

Corporate Governance at Kilroy Realty Corporation

Secretary will review all correspondence addressed to the Independent Directors or to the Lead Independent Director individually, for any inappropriate correspondence and correspondence more suitably directed to management. The Secretary will summarize all correspondence not forwarded to the Independent Directors or our Lead Independent Director and make the correspondence available for review at the Independent Directors or our Lead Independent Director's request, as applicable. The Secretary will forward interested party communications to the Independent Directors or our Lead Independent Director promptly following the receipt of the communication, as appropriate.

Audit Committee Report

The Audit Committee of the Company's Board is composed of Independent Directors who satisfy the requirements of Section 10A-3(m) of the Exchange Act and Rule 10A-3(b)(i) thereunder, and the current listing standards of the NYSE. The Audit Committee operates pursuant to a written charter.

The Audit Committee oversees the Company's financial reporting process on behalf of the Board. In fulfilling its oversight responsibilities, the Audit Committee appoints the Company's independent auditors and reviews and discusses the audited financial statements included in the Company's and the Operating Partnership's Annual Report on Form 10-K with management, including the reasonableness of significant judgments and the clarity of disclosures in the financial statements. Management has primary responsibility for the financial statements and the reporting process, including the Company's internal control over financial reporting.

The Company's independent auditors are responsible for performing an audit of the Company's financial statements and expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles. The Audit Committee reviewed and discussed the audited financial statements of the Company as of and for the year ended December 31, 2013 with management and the Company's independent auditors. The Audit Committee discussed with the Company's independent auditors their judgments as to the Company's accounting principles and such other matters as are required to be discussed with the Audit Committee under Auditing Standard No. 16, Communications with Audit Committees, as adopted by the Public Company Accounting Oversight Board (the PCAOB). In addition, the Audit Committee received the written disclosures and the letter from the independent auditors required by PCAOB regarding the independent auditors' communications with the Audit Committee concerning the accountant's independence, and it discussed with the Company's auditors their independence from the Company. The Audit Committee also considered the compatibility of the independent auditors' provision of non-audit services with the independent auditors' independence.

The Audit Committee discussed with the Company's independent auditors the overall scope of their respective audits. The Audit Committee meets with the independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal control over financial reporting, and the overall quality of the Company's financial reporting. In the performance of their oversight function, the members of the Audit Committee relied upon the information, opinions, reports and statements presented to them by the Company's management and by the Company's independent auditors. The Audit Committee held six meetings during 2013.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board (and the Board approved) that the audited financial statements as of and for the year ended December 31, 2013 be included in the Company's and the Operating Partnership's Annual Report on Form 10-K for the year ended December 31, 2013, filed with the Securities and Exchange Commission on February 14, 2014.

Audit Committee

Scott S. Ingraham, Chairman

Edward F. Brennan, Ph.D.

William P. Dickey

The foregoing report of the Audit Committee is not soliciting material, is not deemed filed with the Securities and Exchange Commission and is not incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended (the Securities Act), or the Exchange Act, whether made before or after the date of this Proxy Statement and irrespective of any general incorporation language in such filing.

Our Executive Officers

Name	Age	Position With The Company
John B. Kilroy, Jr.	65	President, Chief Executive Officer and Chairman of the Board
Jeffrey C. Hawken	55	Executive Vice President and Chief Operating Officer
Marcum David Eli Khouri (Eli Khouri)	55	Executive Vice President and Chief Investment Officer
Tyler H. Rose	53	Executive Vice President, Chief Financial Officer and Secretary
David Simon	51	Executive Vice President
Justin W. Smart	54	Executive Vice President, Development and Construction Services

John B. Kilroy, Jr. was appointed as Chairman in February 2013 and has served as our President and CEO since our incorporation in September 1996. Biographical information regarding Mr. Kilroy is set forth under the caption Our Board of Directors.

Jeffrey C. Hawken has served as our Chief Operating Officer since our inception as a public company in January 1997. Mr. Hawken is responsible for overseeing the Company's overall operations, including leasing, acquisitions and dispositions, asset and property management functions, human resources and legal affairs. Prior to our initial public offering, Mr. Hawken served in the same capacity for Kilroy Industries and was responsible for the management and operations of Kilroy Industries' real estate portfolio and served on its acquisitions and executive committees. In 1980, after graduating from college, Mr. Hawken joined Kilroy Industries as a Senior Financial Analyst, and has been involved in property and asset management with the Company since May 1983. Mr. Hawken is a member of the World Presidents' Organization (WPO), Angeleno Chapter and held leadership roles in WPO, Santa Monica Bay Chapter and Young Presidents' Organization, Santa Monica Bay Chapter. Mr. Hawken was a past Chairman of BOMA Greater Los Angeles and currently serves on the National Advisory Committee. Mr. Hawken serves on the Executive Committee at the University of Southern California Lusk Center for Real Estate. He is an active member of the City of Hope Los Angeles Real Estate and Construction Industries Council. Mr. Hawken holds a Bachelor of Science degree in Business Administration from the University of Southern California and he is a licensed Real Estate Broker in the state of California.

Eli Khouri was appointed Executive Vice President and Chief Investment Officer in January 2011 and is responsible for the performance of the Company's investment activities and capital allocations including acquisitions, development, redevelopment and dispositions. From 2002 to January 2011, Mr. Khouri served as Managing Director of Broadreach Capital Partners (BRCP), a private real estate investment firm he founded in 2002 that is focused primarily on western U.S. commercial assets, including office, industrial and multi-use properties. From 1991 to 2001, he served in various investment capacities at Spieker Properties (formerly NYSE: SPK), including Chief Investment Officer, where he was involved with the acquisition and development of over \$5 billion of office and industrial assets as well as managing its disposition and capital recycling program. Spieker Properties operated as a West Coast office and industrial public REIT from 1993 through 2001. In 2001, Mr. Khouri was part of the management team that orchestrated the \$7.2 billion merger of Spieker Properties into Equity Office Properties (formerly NYSE: EOP). From 2007 to 2010, Mr. Khouri served as a Director of Vesta Industrial, a leading developer and operator of state-of-the-art industrial and distribution properties across Mexico. Headquartered in Mexico City, Vesta is a fully-integrated firm with extensive experience in build-to-suit and prospective development, leasing, management and acquisition of industrial properties. The firm has a broad, diverse tenant base, operating in a wide range of industries throughout Mexico. Vesta's clients include high-credit multi-national firms such as BMW, Nestle, Bombardier and Kraft. Vesta recently completed its IPO on the Bolsa stock exchange. Mr. Khouri received a Bachelor of Science Degree in Civil Engineering from Stanford University.

Tyler H. Rose was appointed Executive Vice President and Chief Financial Officer in December 2009 after serving as Senior Vice President and Treasurer since 1997. Prior to his tenure at the Company, Mr. Rose was Senior Vice President, Corporate Finance of Irvine Apartment Communities, Inc. from 1995 to 1997, and was appointed Treasurer in 1996. Prior to that, Mr. Rose was Vice President, Corporate Finance of The Irvine Company from 1994 to 1995. From 1986 to 1994, Mr. Rose was employed at J.P. Morgan & Co., serving in its Real Estate Corporate Finance Group until 1992 and as Vice President of its Australia Mergers and Acquisitions Group from 1992 to 1994. Mr. Rose also served for two years as a financial analyst for General Electric Company. He serves on the Policy Advisory Board for the Fisher Center for Real Estate and Urban Economics at the University of California, Berkeley. Mr. Rose received a Master of Business Administration degree from The University of Chicago Graduate School of Business and a Bachelor of Arts degree in Economics from the University of California, Berkeley.

Our Executive Officers

David Simon was appointed Executive Vice President in March 2012 and is responsible for executing the development and repositioning of office and mixed-use projects, as well as identifying and acquiring value-add opportunities throughout the greater Los Angeles area. Mr. Simon was formerly a Managing Director at BRCP. Prior to joining BRCP in 2004, Mr. Simon was a Partner with Kearny Real Estate Company, a partnership originally established as a subsidiary of Morgan Stanley Real Estate Funds. Previously, Mr. Simon was with the Morgan Stanley Real Estate Funds in Southern California where he focused on acquisitions, asset management and dispositions of real estate across all asset types. Mr. Simon received a Master's Degree in Real Estate Development from Columbia University and a Bachelor of Arts Degree from the University of Florida. He is a licensed California Real Estate Broker and a full member of the Urban Land Institute. He has served as a member of the board of directors and a trustee for the non-profit Affordable Living for the Aging based in Southern California.

Justin W. Smart was appointed to Executive Vice President, Development and Construction Services in January 2013. He served as Senior Vice President of Development and Construction Services from August 2000 through December 2012. Mr. Smart has in excess of 24 years of real estate development experience covering a wide range of product types, including office, industrial, residential and resort properties throughout the United States. From June 1996 to August 2000, Mr. Smart was Vice President of Development with Intrawest Corporation, a leading developer of resorts and resort real estate. Prior to 1996, Mr. Smart served as Vice President of Construction with Kilroy Industries.

Compensation Discussion and Analysis

Introduction

This CD&A describes the material elements of our executive compensation program, the compensation decisions the Compensation Committee has made under the program and the factors considered in making those decisions for our NEOs for 2013, who were:

Name	Title
John B. Kilroy, Jr.	Chairman, President and Chief Executive Officer
Tyler H. Rose	Executive Vice President and Chief Financial Officer
Jeffrey C. Hawken	Executive Vice President and Chief Operating Officer
Marcum David Eli Khouri (Eli Khouri)	Executive Vice President and Chief Inves