

LEXINGTON REALTY TRUST  
Form DEF 14A  
April 05, 2012

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934

Filed by the Registrant

Check the appropriate box:

- |                                     |  |                          |  |
|-------------------------------------|--|--------------------------|--|
| <input type="checkbox"/>            | Preliminary Proxy Statement                  | <input type="checkbox"/> | Confidential, for Use of the Commission Only<br>(as permitted by Rule 14a-6(e)(2)) |
| <input checked="" type="checkbox"/> | Definitive Proxy Statement                   |                          |  |
| <input type="checkbox"/>            | Definitive Additional Materials              |                          |  |
| <input type="checkbox"/>            | Soliciting Material Pursuant to § 240.14a-12 |                          |  |

LEXINGTON REALTY TRUST

(Name of Registrant as Specified In Its Organizational Documents)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:
- 4) Proposed maximum aggregate value of transaction:
- 5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- 1) Amount Previously Paid:
  - 2) Form, Schedule or Registration Statement No.:
  - 3) Filing Party:
  - 4) Date Filed:
-

LEXINGTON REALTY TRUST  
One Penn Plaza, Suite 4015  
New York, New York 10119-4015  
(212) 692-7200

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NOTICE OF 2012 ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD MAY 15, 2012

To the Shareholders of  
Lexington Realty Trust:

The 2012 Annual Meeting of Shareholders of Lexington Realty Trust, a Maryland real estate investment trust, will be held at the New York offices of Paul Hastings LLP, 75 East 55<sup>th</sup> Street, New York, New York 10022 on Tuesday, May 15, 2012, at 10:00 a.m., Eastern time, for the following purposes:

- (1) to elect seven trustees to serve until the 2013 Annual Meeting of Shareholders or their earlier removal or resignation and until their respective successors, if any, are elected and qualify;
- (2) to consider and vote upon an advisory resolution to approve the compensation of the named executive officers, as disclosed in the accompanying proxy statement;
- (3) to consider and vote upon the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012; and
- (4) to transact such other business as may properly come before the 2012 Annual Meeting of Shareholders or any adjournment or postponement thereof.

Only holders of record at the close of business on March 16, 2012 are entitled to notice of and to vote at the 2012 Annual Meeting of Shareholders or any adjournment or postponement thereof.

By Order of the Board of Trustees,

/s/ Paul R. Wood

PAUL R. WOOD

Secretary

New York, New York

April 5, 2012

Whether or not you expect to be present at the 2012 Annual Meeting of Shareholders, we urge you to authorize your proxy electronically via the Internet or by telephone or by completing and returning the proxy card if you requested paper proxy materials. Voting instructions are provided in the Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be held on May 15, 2012 (the "Notice"), or, if you requested printed materials, the instructions are printed on your proxy card and included in the accompanying proxy statement. Any person giving a proxy has the power to revoke it at any time prior to the meeting and shareholders who are present at the meeting may withdraw their proxies and vote in person.

LEXINGTON REALTY TRUST

One Penn Plaza, Suite 4015

New York, New York 10119-4015

(212) 692-7200

PROXY STATEMENT

FOR THE 2012 ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD MAY 15, 2012

The Board of Trustees of Lexington Realty Trust, a Maryland real estate investment trust, is soliciting proxies to be voted at the 2012 Annual Meeting of Shareholders, which we refer to herein as the Annual Meeting. The Annual Meeting will be held Tuesday, May 15, 2012, at 10:00 a.m. Eastern time at the New York offices of Paul Hastings LLP, 75 East 55<sup>th</sup> Street, New York, New York 10022. This proxy statement summarizes the information you need to know to vote by proxy or in person at the Annual Meeting. You do not need to attend the Annual Meeting in person in order to have your shares voted at the Annual Meeting.

All references to the "Company," "we," "our" and "us" in this proxy statement mean Lexington Realty Trust. All references to "Shareholder" and "you" refer to a holder of the beneficial interests, par value \$0.0001 per share, of the Company, classified as common stock, which we refer to as common shares or shares, as of the close of business on Friday, March 16, 2012, which we refer to as the Record Date.

QUESTIONS AND ANSWERS

Why did you send me a Notice Regarding the Internet Availability of Proxy Materials ("Notice")?

We sent you the Notice regarding this proxy statement because we are holding the Annual Meeting and our Board of Trustees is asking for your proxy to vote your shares at the Annual Meeting. We have summarized information in this proxy statement that you should consider in deciding how to vote at the Annual Meeting. You do not have to attend the Annual Meeting in order to have your shares voted. Instead, you may simply authorize a proxy to vote your shares electronically via the Internet, by telephone or by completing and returning the proxy card if you requested paper proxy materials. Voting instructions are provided in the Notice, or, if you requested printed materials, the instructions are printed on your proxy card and included in the accompanying proxy statement.

Why did I receive the Notice instead of a paper copy of proxy materials?

The United States Securities and Exchange Commission, or SEC, has approved "Notice and Access" rules relating to the delivery of proxy materials over the Internet. These rules permit us to furnish proxy materials related to the Annual Meeting, including this proxy statement and our annual report, to Shareholders by providing access to such documents on the Internet instead of mailing printed copies. Most Shareholders will not receive printed copies of the proxy materials unless they request them. Instead, the Notice, which was mailed to Shareholders will provide notice of the Annual Meeting and instruct you as to how you may access and review all of the proxy materials on the Internet or by telephone. The Notice also instructs you as to how you may submit your proxy on the Internet or by telephone. If you would like to receive a paper or email copy of our proxy materials, you should follow the instructions for requesting such materials in the Notice. Any request to receive proxy materials by mail or email will remain in effect until you revoke it.

Can I vote my shares by filling out and returning the Notice?

No. The Notice identifies the items to be voted on at the Annual Meeting, but you cannot vote by marking the Notice and returning it. The Notice provides instructions on how to authorize your proxy by Internet or by telephone, by requesting and returning a paper proxy card, or by submitting a ballot in person at the meeting.

Who is entitled to vote?

All Shareholders as of the close of business on the Record Date are entitled to vote at the Annual Meeting. There was no other class of voting securities outstanding at the Record Date other than common shares.

What is the quorum for the Annual Meeting?

In order for any business to be conducted, the holders entitled to cast a majority of the votes entitled to be cast at the Annual Meeting must be present, either in person or represented by proxy. For the purpose of determining the presence of a quorum, abstentions and broker non-votes will be counted as present. Broker votes occur when a broker or nominee who has not received voting instructions from the beneficial owner on a "routine" matter (as defined by the New York Stock Exchange, which we refer to as the NYSE) casts a discretionary vote. In contrast, broker

non-votes occur when a broker or nominee has not received voting instructions from the beneficial owner on a "non-routine" matter, as defined by the NYSE and, therefore, is not permitted under NYSE rules to cast a discretionary vote on that matter. As of the Record Date, 155,418,945 common shares were issued and outstanding representing an equal number of votes entitled to be cast.

Will my shares be voted if I do not provide my proxy?

Depending on the proposal, your shares may be voted if they are held in the name of a brokerage firm, even if you do not provide the brokerage firm with voting instructions, which are broker votes discussed above. The proposal to ratify the appointment of KPMG LLP as our independent auditors is considered a "routine" matter for which brokerage firms may vote shares without receiving voting instructions. The election of trustees and the approval of the compensation of our named executive officers are considered non-routine matters and if you do not provide the brokerage firm with voting instructions on these proposals, your shares will not be voted on and will be "broker non-votes."

How many votes do I have?

Each common share outstanding on the Record Date is entitled to one vote on each item submitted for consideration. If a Shareholder is a participant in our Direct Share Purchase Plan with Computershare Shareowner Services LLC, or Computershare, the proxy card enclosed herewith represents shares in the participant's account, as well as shares held of record in the participant's name as part of such plan.

How do I vote my shares that are held of record by me?

By Mail: If you request paper proxy materials, complete, sign and date your proxy card and mail it in the postage-paid envelope.

In Person: Vote at the Annual Meeting.

By Telephone: Call toll-free 1-866-540-5760 and follow the instructions. You will be prompted for certain information that can be found on your proxy card or Notice.

Via Internet: Log on to [www.proxyvoting.com/lxp](http://www.proxyvoting.com/lxp) and follow the on-screen instructions. You will be prompted for certain information that can be found on your proxy card or Notice.

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

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

What am I voting on?

You will be voting on the following proposals:

- (1) to elect seven trustees to serve until the 2013 Annual Meeting of Shareholders or their earlier removal or resignation and until their respective successors, if any, are elected and qualify;
- (2) to consider and vote upon an advisory resolution to approve the compensation of our named executive officers, as disclosed in this proxy statement;
- (3) to consider and vote upon the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012; and
- (4) to transact such other business as may properly come before the 2012 Annual Meeting of Shareholders or any adjournment or postponement thereof.

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

The Board of Trustees is not presently aware of any other items of business to be presented for a vote at the Annual Meeting other than the proposals noted above. Nonetheless, in case there is an unforeseen need, your proxy gives discretionary authority to Joseph S. Bonventre and Paul R. Wood with respect to any other matters that might be brought before the meeting.

Why am I being asked to vote on executive compensation?

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") requires us, as a public company, to seek a non-binding advisory vote from our Shareholders to approve the compensation awarded to our named executive officers, as disclosed in this proxy statement. Based on the non-binding advisory vote on the frequency of such non-binding advisory votes at the 2011 Annual Meeting of Shareholders, we are currently seeking a vote from Shareholders on an advisory resolution to approve the compensation awarded to our named executive officers on an annual basis. This advisory vote is non-binding, but the Board of Trustees will consider our Shareholders' concerns and take them into account in future determinations concerning our executive compensation program.



How many votes are required to act on the proposals?

Assuming a quorum is present at the Annual Meeting, the affirmative vote of a majority of the votes cast by holders of common shares at the Annual Meeting will be sufficient for the election of a trustee, the advisory resolution to approve the compensation of our named executive officers, and the ratification of the appointment of KPMG LLP as our independent registered public accounting firm. If you abstain or your shares are treated as broker non-votes, your abstention or broker non-votes will not be counted as votes cast and will have no effect on the result of the vote on the election of trustees, the advisory resolution to approve the compensation of our named executive officers, or the ratification of the appointment of KPMG LLP as our independent registered public accounting firm. For purposes of the election of trustees, a majority of votes cast means the number of shares voted "FOR" a nominee must exceed the number of votes cast "AGAINST" a nominee or withheld with respect to a nominee.

The vote on the advisory resolution to approve the compensation of our named executive officers is non-binding and, if approved, would serve only as a recommendation to the Board of Trustees.

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

When you return a properly executed proxy card or authorize your proxy telephonically or by the Internet, we will vote the shares that the proxy card or authorization represents in accordance with your directions. If you return the signed proxy card with no direction on a proposal, we will vote your proxy in favor of (FOR) each of the nominees for trustee and in favor of (FOR) Proposals No. 2 and No. 3 and will vote in the discretion of the proxy holder on any other matter that properly comes before the Annual Meeting.

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

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

(1) delivering written notice of revocation to our Secretary, Paul R. Wood, at c/o Lexington Realty Trust, One Penn Plaza, Suite 4015, New York, New York 10119-4015;

(2) submitting to us a duly executed proxy card bearing a later date;

(3) authorizing a proxy via the Internet or by telephone at a later date; or

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

provided, however, that no such revocation under clause (1) or (2) shall be effective until written notice of revocation or a later dated proxy card is received by our Secretary at or before the Annual Meeting, and no such revocation under clause (3) shall be effective unless received on or before 11:59 p.m., Eastern time, on May 14, 2012.

Attendance at our Annual Meeting will not constitute a revocation of a proxy unless you affirmatively indicate at our Annual Meeting that you intend to vote your shares in person by completing and delivering a written ballot.

Will anyone contact me regarding this vote?

It is contemplated that brokerage houses will forward the proxy materials to Shareholders at our request. In addition to the solicitation of proxies by use of the mails, our trustees, officers, and other employees may solicit proxies by telephone, facsimile, e-mail, or personal interviews without additional compensation. We may engage and pay proxy solicitors.

Who has paid for this proxy solicitation?

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

How do I submit a proposal for the 2013 Annual Meeting of Shareholders?

If you wish to submit a shareholder proposal pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, for inclusion in our proxy statement and proxy card for our 2013 Annual Meeting of Shareholders, you must submit the proposal to our Secretary no later than December 8, 2012, in accordance with Rule 14a-8.

Our Board of Trustees will review any shareholder proposals that are timely submitted and will determine whether such proposals meet the criteria for inclusion in the proxy solicitation materials or for consideration at the 2013 Annual Meeting of Shareholders. In addition, the persons named in the proxies retain the discretion to vote proxies on matters of which we are not properly notified at our principal executive offices on or before 60 days prior to the 2013 Annual Meeting of Shareholders, and also retain such authority under certain other circumstances.

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

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

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

Yes. Our website is located at [www.lxp.com](http://www.lxp.com). Although the information contained on our website is not part of this proxy statement, you can view additional information on the website, such as our code of business conduct and ethics, corporate governance guidelines, charters of board committees, and reports that we file and furnish with the SEC.

Copies of our code of business conduct and ethics, corporate governance guidelines, and charters of board committees also may be obtained by written request addressed to Lexington Realty Trust, One Penn Plaza, Suite 4015, New York, New York 10119-4015, Attention: Investor Relations.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on May 15, 2012 – This proxy statement and the Annual Report to Shareholders are available at

<http://www.snl.com/irweblinkx/genpage.aspx?IID=103128&gkp=202728>.

We have elected to provide access to our proxy materials to our Shareholders on the Internet. Accordingly, a Notice of Meeting and Internet Availability of Proxy Materials was mailed on or about April 5, 2012 to our Shareholders of record as of March 16, 2012. If you have not received a copy of the Notice or you wish to receive a hard copy of the proxy materials and you are a record holder of our common shares, please contact our transfer agent, Computershare (1) by telephone at 1-888-313-0164 (outside of the U.S. and Canada call 201-680-6688), (2) by e-mail to [shrrelations@bnymellon.com](mailto:shrrelations@bnymellon.com), or (3) over the Internet at <http://bnymellon.mobular.net/bnymellon/lxp>. If you are not a record holder of our common shares, please contact your broker.

How do I obtain a copy of the Company's Annual Report on Form 10-K for the year ended December 31, 2011 from the Company?

Upon written request to Lexington Realty Trust, One Penn Plaza, Suite 4015, New York, NY 10119-4105, Attention: Investor Relations, we will provide any shareholder, without charge, a copy of our Annual Report on Form 10-K for the year ended December 31, 2011 filed with the SEC, including the financial statements and schedules, but without exhibits.

What is "householding"?

"Householding" allows companies to deliver only one copy of notices and other proxy materials to multiple shareholders who share the same address (if they appear to be members of the same family) unless the company has received contrary instructions from an affected shareholder. We do not offer "householding" for shareholders of record. Please contact your broker if you are not a shareholder of record to find out if your broker offers "householding".



SHARE OWNERSHIP OF PRINCIPAL SECURITY HOLDERS, TRUSTEES,  
AND EXECUTIVE OFFICERS

The following table indicates, as of the close of business on March 16, 2012, (a) the number of common shares beneficially owned by each person known by us to own in excess of five percent of the outstanding common shares and (b) the percentage such shares represent of the total outstanding common shares. All shares were owned directly on such date with sole voting and investment power unless otherwise indicated, calculated as set forth in footnote 1 to the table.

Name of Beneficial Owner	Number of Common Shares Beneficially Owned (1)	Percentage of Class
Vornado Realty Trust (2)	18,468,969	11.9%
FMR LLC (3)	17,735,704	11.4%
The Vanguard Group, Inc. (4)	16,612,134	10.7%
BlackRock, Inc. (5)	13,100,092	8.4%
Vanguard Specialized Funds – Vanguard REIT Index Fund (6)	7,874,526	5.1%

(1)For purposes of this table, a person is deemed to beneficially own any common shares as of a given date which such person owns or has the right to acquire within 60 days after such date.

(2)Based on information provided by Vornado Realty Trust, which we refer to as Vornado. Vornado's wholly-owned subsidiaries, Vornado Realty L.P., Vornado Newkirk LLC, VNK L.L.C., and Vornado LXP LLC, own 7,009,900, 1,359,684, 950,437, and 9,148,948 common shares, respectively. Vornado is located at 888 Seventh Avenue, New York, New York 10019 and Vornado Realty L.P. is located at 210 Route 4 East, Paramus, New Jersey 07652.

(3)Based on information contained in a Schedule 13G/A filed with the SEC on February 14, 2012. According to such Schedule 13G/A, FMR LLC has sole power to vote or direct to vote for 1,168,511 common shares and sole power to dispose of or to direct the disposition of 17,735,704 common shares. The address of FMR LLC is 82 Devonshire Street, Boston, MA 02109.

(4)Based on information contained in a Schedule 13G/A filed with the SEC on February 9, 2012. According to such Schedule 13G/A, The Vanguard Group, Inc. has sole power to vote or direct to vote for 193,887 common shares, sole power to dispose of or to direct the disposition of 16,418,247 common shares, and shared power to dispose or to direct the disposition of 193,887 common shares. Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 193,887 common shares as a result of its serving as investment manager of collective trust accounts and directs the voting of such common shares. The address of The Vanguard Group, Inc. is 100 Vanguard Blvd., Malvern, PA 19355.

(5)Based on information contained in a Schedule 13G/A filed with the SEC on February 10, 2012. According to such Schedule 13G/A, BlackRock, Inc., together with BlackRock Japan Co. Ltd., BlackRock Institutional Trust Company, N.A., BlackRock Fund Advisors, BlackRock Asset Management Canada Limited, BlackRock Asset Management Australia Limited, BlackRock Advisors, LLC, BlackRock Investment Management, LLC, BlackRock Investment Management (Australia) Limited, BlackRock Fund Managers Limited, BlackRock Asset Management Ireland Limited, and BlackRock International Limited, collectively have sole dispositive and sole voting power over 13,100,092 common shares. The address for BlackRock, Inc. is 40 East 52<sup>nd</sup> Street, New York, NY 10022.

(6)Based on information contained in a Schedule 13G filed with the SEC on January 27, 2012. According to such Schedule 13G, Vanguard Specialized Funds – Vanguard REIT Index Fund has sole power to vote or direct to vote for 7,874,526 common shares. The address of Vanguard Specialized Funds – Vanguard REIT Index Fund is 100 Vanguard Blvd., Malvern, PA 19355.

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The following table indicates, as of the close of business on March 16, 2012, (a) the number of common shares beneficially owned by each trustee and each executive officer and named executive officer, and by all trustees and executive/named executive officers as a group, and (b) the percentage such shares represent of the total outstanding common shares. All shares were owned directly on such date with sole voting and investment power unless otherwise indicated, calculated as set forth in footnotes 1 and 2 to the table. The address for each trustee and executive/named executive officer listed below is c/o Lexington Realty Trust, One Penn Plaza, Suite 4015, New York, NY 10119-4015.

Name of Beneficial Owner	Number of Common Shares Beneficially	
	Owned (1)	Percentage of Class (2)
E. Robert Roskind	2,731,662 (3)	1.7%
Richard J. Rouse	760,198 (4)	*
T. Wilson Eglin	944,104 (5)	*
Patrick Carroll	535,749 (6)	*
Paul R. Wood	41,512 (7)	*
Joseph S. Bonventre	154,565 (8)	*
Clifford Broser	48,251 (9)	*
James Grosfeld	66,595	*
Harold First	49,868	*
Richard S. Frary	41,951	*
Kevin W. Lynch	102,428	*
All trustees and executive/named executive officers as a group (11 persons)	5,476,883	3.5%

\* Represents beneficial ownership of less than 1.0%

(1) For purposes of this table, a person is deemed to beneficially own any common shares as of a given date which such person owns or has the right to acquire within 60 days after such date.

(2) For purposes of computing the percentage of outstanding shares held by each beneficial owner named above on a given date, any security (including, without limitation, limited partnership units redeemable into common shares) owned by such person or persons is included in the total number of outstanding common shares but is not included in the total number of outstanding common shares for the purpose of computing the percentage ownership of any other beneficial owner (with the exception of determining the percentage owned by all trustees and executive officers as a group).

(3) Includes (i) 1,474,296 limited partnership units held directly by Mr. Roskind or indirectly by Mr. Roskind through his wife and entities controlled by Mr. Roskind (which Mr. Roskind disclaims beneficial ownership of except to the extent of his pecuniary interest), in Lepercq Corporate Income Fund L.P. and Lepercq Corporate Income Fund II L.P., each of which is one of our operating partnership subsidiaries, which are currently exchangeable for 1,660,057 common shares, (ii) 397,249 common shares held directly by Mr. Roskind, (iii) 217,314 common shares underlying common share options which are currently exercisable and/or are exercisable within the next 60 days, (iv) 167,663 common shares held by Mr. Roskind which are subject to performance or time-based vesting requirements, (v) 167,843 common shares held in trust in which Mr. Roskind is a beneficiary, (vi) 60,729 common shares owned of record by The LCP Group, L.P., and (vii) 60,807 common shares held by Mr. Roskind's wife, which Mr. Roskind disclaims beneficial ownership of except to the extent of his pecuniary interest. A portion of the common shares held by Mr. Roskind, his wife, and entities controlled by Mr. Roskind are held in margin accounts.

(4) Includes (i) 292,707 common shares held directly by Mr. Rouse, (ii) 156,273 common shares underlying common share options which are currently exercisable and/or are exercisable within the next 60 days, (iii) 187,994 common shares held by Mr. Rouse which are subject to performance or time-based vesting requirements, and (iv) 123,224 common shares held in trust in which Mr. Rouse is a beneficiary. A portion of Mr. Rouse's common shares are held in margin accounts.

(5) Includes (i) 260,308 common shares held directly by Mr. Eglin, (ii) 128,292 common shares underlying common share options which are currently exercisable and/or are exercisable within the next 60 days, (iii) 424,641 common shares held by Mr. Eglin which are subject to performance or time-based vesting requirements, and (iv) 130,863

common shares held in trust in which Mr. Eglin is a beneficiary.

(6) Includes (i) 123,672 common shares held directly by Mr. Carroll directly or as custodian, (ii) 99,978 common shares underlying common share options which are currently exercisable and/or are exercisable within the next 60 days, (iii) 167,099 common shares held by Mr. Carroll which are subject to performance or time-based vesting requirements, and (iv) 145,000 common shares owned of record by Mr. Carroll's wife, which Mr. Carroll disclaims beneficial ownership of.

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(7) Includes (i) 28,641 common shares held directly by Mr. Wood, (ii) 4,200 common shares underlying common share options which are currently exercisable and/or are exercisable within the next 60 days, (iii) 3,071 common shares held by Mr. Wood which are subject to time-based vesting requirements, and (iv) 5,600 common shares held in trust in which Mr. Wood is a beneficiary.

(8) Includes (i) 9,258 common shares held directly by Mr. Bonventre, (ii) 57,000 common shares underlying common share options which are currently exercisable and/or are exercisable within the next 60 days, and (iii) 88,307 common shares held directly by Mr. Bonventre which are subject to performance or time-based vesting requirements.

(9) Does not include shares held by Vornado Realty Trust or its affiliates.

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

Section 16(a) of the Exchange Act requires our trustees, executive officers, and beneficial owners of more than 10 percent of the total outstanding common shares to file initial reports of ownership and reports of changes in ownership of common shares and other equity securities with the SEC and the NYSE. Trustees, executive officers, and beneficial owners of more than 10 percent of the total outstanding common shares are required to furnish us with copies of all Section 16(a) forms they file. Based on a review of the copies of such reports furnished to us and written representations from our trustees and executive officers, we believe that during the 2011 fiscal year our trustees, executive officers, and beneficial owners of more than 10 percent of the total outstanding common shares complied with all Section 16(a) filing requirements applicable to them, with the exception of Richard J. Rouse, who failed to report the acquisition of a total of 5,913 common shares acquired in two transactions on October 29, 2010 by the laws of descent and distribution.

#### PROPOSAL NO. 1

#### ELECTION OF TRUSTEES

##### Board of Trustees

Our Board of Trustees currently consists of seven trustees. In addition, Carl D. Glickman, a former trustee, is a Trustee Emeritus, but does not vote or regularly attend meetings. Our current seven trustees are nominated to be elected at the Annual Meeting with respect to which this proxy statement is being distributed. Election of our trustees requires the affirmative vote of a majority of the votes cast at the Annual Meeting with respect to the election of trustees.

The seven nominees for trustee are E. Robert Roskind, T. Wilson Eglin, Clifford Broser, Harold First, Richard S. Frary, James Grosfeld, and Kevin W. Lynch. Each nominee has consented to being named in this proxy statement and to serve if elected. Background information relating to the nominees for election appears below.

The enclosed proxy, if signed, dated, and returned, and any proxy properly authorized via the Internet or telephone, unless withheld or a contrary vote is indicated, will be voted FOR the election of these seven nominees. In the event any such nominee becomes unavailable for election, votes will be cast, pursuant to authority granted by the proxy, for such substitute nominee as may be designated by our Board of Trustees. All trustees serve until our 2013 Annual Meeting of Shareholders or their earlier resignation or removal and until their respective successors, if any, are elected and qualify.

The following information, as of April 5, 2012, relates to the nominees for election as our trustees:

Name	Business Experience
E. ROBERT ROSKIND..... Age 67	Mr. Roskind, our Chairman since March 2008, previously served as Co-Vice Chairman from December 2006 to March 2008, Chairman from October 1993 to December 2006, and Co-Chief Executive Officer from October 1993 to January 2003. He founded The LCP Group, L.P., a real estate advisory firm, in 1973 and has been its Chairman since 1976. Mr. Roskind also serves as Chairman of Crescent Hotels and Resorts and as a member of the Board of Directors of Consonant REIT Advisors, the external advisor to Invincible Investment Corporation, a Japanese real estate investment trust listed on the Tokyo Stock Exchange. As our Chairman and our founder, Mr. Roskind brings vast experience in net-lease real estate investing to our Board of Trustees.



T. WILSON  
EGLIN.....  
Age 47

Mr. Eglin has served as our Chief Executive Officer since January 2003, our President since April 1996, and as a trustee since May 1994. He served as one of our Executive Vice Presidents from October 1993 to April 1996 and our Chief Operating Officer from October 1993 to December 31, 2010. Mr. Eglin's role as our Chief Executive Officer and his extensive experience in net-lease investing and operations and capital markets are primary among the many reasons why Mr. Eglin serves on our Board of Trustees.

CLIFFORD  
BROSER.....  
Age 51

Mr. Broser has served as a trustee since December 31, 2006. Mr. Broser has been associated with Vornado, a diversified real estate investment trust, or REIT, since 1989. Since 1997, Mr. Broser has been a senior vice president in Vornado's acquisitions and capital markets group. Mr. Broser previously served on the board of directors of Newkirk Realty Trust, Inc. and serves on the board of directors of Sterling Suffolk Racecourse, LLC. Mr. Broser's knowledge of the assets acquired in our merger with Newkirk Realty Trust, Inc., general real estate investment knowledge, and relationship with our largest shareholder are primary among the many reasons why Mr. Broser serves on our Board of Trustees.

HAROLD  
FIRST.....  
Age 75

Mr. First has served as a trustee since November 26, 2007. Mr. First has been a financial consultant since 1993. From December 1990 through January 1993, Mr. First served as Chief Financial Officer of Icahn Holding Corp., a privately held holding company. Mr. First is currently a director and chairman of the audit committee of American Railcar Industries, Inc. (NASDAQ: ARII). Mr. First has served as a director of numerous public and private companies, including XO Holdings, Inc., WestPoint International, Inc., Panaco, Inc., GB Holdings Inc. (Sands Casino), and Newkirk Realty Trust, Inc. Mr. First is a certified public accountant. Mr. First's extensive public accounting experience, including knowledge of generally accepted accounting principles and public company reporting requirements, and experience as a director and audit committee chair for numerous companies, including real estate investment companies, are primary among the many reasons why Mr. First serves on our Board of Trustees.

RICHARD S.  
FRARY.....  
Age 64

Mr. Frary has served as a trustee since December 31, 2006. Mr. Frary has been the founding partner and majority shareholder of Tallwood Associates, Inc., a private real estate investment firm, since 1990 and a partner of Brookwood Financial Partners, L.P., a private equity firm that acquires real estate and invests in private companies, since 1993. He serves as a director of Nexus Resources, Inc. and The Johns Hopkins University, where he is Vice Chairman and serves on the Executive Committee. Mr. Frary previously served on the board of directors of Tarragon Corporation and Newkirk Realty Trust, Inc., both publicly traded real estate investment trusts, and Beresford Inc., a real estate investment company. Mr. Frary's extensive real estate investment and corporate finance experience and knowledge of the assets acquired in our merger with Newkirk Realty Trust, Inc. are primary among the many reasons why Mr. Frary serves on our Board of Trustees.

JAMES  
GROSFELD.....

Mr. Grosfeld has served as a trustee since November 2003. He also serves as a member of the board of directors of BlackRock, Inc. and a member of the

Age 74

Management Development and Compensation Committee and the Nominating and Corporate Governance Committee thereof. He has served on the advisory board of the Federal National Mortgage Association and as director of Copart, Inc., Interstate Bakeries Corporation, Addington Resources, Ramco-Gershenson Properties Trust, and BlackRock Investors. He was chairman and chief executive officer of Pulte Home Corporation from 1974 to 1990. Mr. Grosfeld's extensive experience in corporate finance and his experience serving on numerous other public and private boards of directors are primary among the many reasons why he serves on our Board of Trustees.

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KEVIN W.  
LYNCH.....  
Age 59

Mr. Lynch has served as a trustee since May 2003 and from May 1996 to May 2000. Mr. Lynch co-founded and has been a principal of The Townsend Group, a real estate consulting firm, since 1983. Mr. Lynch is a member of the Pension Real Estate Association and the National Council of Real Estate Investment Fiduciaries. Since 1994, Mr. Lynch has been a director of First Industrial Realty Trust (NYSE:FR) and is currently chairman of its corporate governance and nominating committee. Mr. Lynch is also currently on the advisory board for the U.S. Institutional Real Estate Letter. Mr. Lynch's extensive real estate consulting experience and experience within the real estate industry are primary among the many reasons why he serves on our Board of Trustees.

#### Required Vote and Recommendation

Election of each trustee requires the affirmative vote of a majority of the votes cast for each nominee at the Annual Meeting.

The Board of Trustees recommends that Shareholders vote FOR each nominee.

#### MANAGEMENT AND CORPORATE GOVERNANCE

##### Our Board of Trustees

Our Board of Trustees held six meetings during the fiscal year ended December 31, 2011. Each trustee attended at least 75% of the aggregate of the total number of meetings of our Board of Trustees and all committees of the Board of Trustees on which he served.

Our Board of Trustees has determined that a majority of our trustees are "independent" as defined by the applicable listing standards of the NYSE.

We expect all trustees to attend each annual meeting of shareholders, but from time to time other commitments prevent all trustees from attending each meeting. All trustees that were trustees at such time attended, either in person or telephonically, the 2011 Annual Meeting of Shareholders, which was held on May 17, 2011.

##### Trustee Independence

Our Board of Trustees has adopted the following categorical standards for independence:

- A trustee who is, or has been within the last three years, an employee of the Company, or whose immediate family member is, or has been within the last three years, an executive officer of the Company may not be deemed independent. Employment as an interim Chairman, Chief Executive Officer or other executive officer will not disqualify a trustee from being considered independent following that employment.
- A trustee who has received, or who has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Company, other than trustee and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), may not be deemed independent. Compensation received by a trustee for former service as an interim Chairman, Chief Executive Officer or other executive officer and compensation received by an immediate family member for service as a non-executive employee of the Company will not be considered in determining independence under this test.
- (A) A trustee who is, or whose immediate family member is, a current partner of a firm that is the Company's internal or external auditor; (B) a trustee who is a current employee of such a firm; (C) a trustee who has an immediate family member who is a current employee of such a firm and who personally works on the firm's audit; or (D) a trustee who was, or whose immediate family member was, within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Company's audit within that time may not be deemed independent.
- A trustee who is, or whose immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company's present executive officers at the time serves or served on that company's compensation committee may not be deemed independent.
- A trustee who is a current employee or general partner, or whose immediate family member is a current executive officer or general partner of an entity that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1,000,000 or 2%



of such other entity's consolidated gross revenues, may not be deemed independent.

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- A trustee who is, or whose immediately family member is, an executive officer, general partner of significant equity holder (i.e., in excess of 10%) of an entity that is a paid provider of professional services to the Company, any of its affiliates, any executive officer or any affiliate of an executive officer, and which received payments with respect to such services in an amount which, in the preceding twelve months, exceeds \$120,000 (but does not exceed the greater of \$1,000,000 or 2% of such other entity's consolidated gross revenues) may not be deemed independent.

- A trustee who is, or whose immediate family member is, affiliated with or employed by a tax-exempt entity that received significant contributions (i.e., more than 2% of such entity's consolidated gross revenues or more than \$1,000,000 in a single fiscal year, whichever amount is lower) from the Company, any of its affiliates, any executive officer or any affiliate of an executive officer within the preceding twelve-month period may not be deemed independent, unless the contribution was approved in advance by the Board of Trustees.

For purposes of these categorical standards:

- “affiliate” means any consolidated subsidiary of the Company and any other entity that controls, is controlled by or is under common control with the Company, as evidenced by the power to elect a majority of the board of directors or comparable governing body of such entity;

- “executive officer” means an “officer” within the meaning of Rule 16a-1(f) under the Exchange Act; and

- “immediate family” means spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, and anyone (other than domestic employees) sharing a person's home, but excluding any person who is no longer an immediate family member as a result of legal separation or divorce, death or incapacitation.

Pursuant to our Corporate Governance Guidelines, the Nominating and Corporate Governance Committee, on behalf of our Board of Trustees, undertook its annual review of trustee independence in the first quarter of 2012. During this review, our Board of Trustees, in light of the categorical standards set forth above (which are also documented in our Corporate Governance Guidelines, which is available on our website at [www.lxp.com](http://www.lxp.com)), considered transactions and relationships between each trustee or any member of his or her immediate family and us and our subsidiaries and affiliates, including those under “Certain Relationships and Related Transactions,” below. Our Board of Trustees also considered whether there were any transactions or relationships between trustees or any member of his immediate family (or any entity of which a trustee or an immediate family member is an executive officer, general partner or significant equity holder) and members of our senior management or their affiliates. The purpose of this review was to determine whether any such relationships or transactions existed that were inconsistent with the determination that a trustee is independent.

As a result of this review, our Board of Trustees affirmatively determined that all of the trustees nominated for election at the Annual Meeting are independent of us and our management under applicable regulations and the standards set forth in our Corporate Governance Guidelines, with the exception of Messrs. Broser, Roskind and Eglin. Messrs. Roskind and Eglin are not considered independent because of, among other things, their employment as executive officers of the Company. Mr. Broser is not considered independent because he is a Senior Vice President of Vornado, a party to a Letter Agreement, among us and others, which, among other things, provides for indemnification of Vornado in certain situations. See “Certain Relationships and Related Party Transactions,” below, for a description of the Letter Agreement.

As a result of the Board of Trustees' affirmative determination, following the Annual Meeting, the Board of Trustees will consist of a majority of independent members. Although a higher percentage of independent members is generally recommended by shareholder advisory firms, due to our size and the presence of a non-independent representative of a significant shareholder on our Board of Trustees, the Board of Trustees determined that a smaller Board of Trustees with two representatives from management, one non-independent representative from a significant shareholder and four independent members was appropriate.

Committees of our Board of Trustees

Our Board of Trustees has four standing committees: the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, and the Executive Committee.

Audit Committee. The Audit Committee of our Board of Trustees was established in accordance with Section 10A-3 of the Exchange Act. The principal functions of the Audit Committee are described below under the heading “Audit Committee Report” and are contained in a written charter, which is available on our website at [www.lxp.com](http://www.lxp.com). As of

December 31, 2011, the Audit Committee members were Messrs. First (Chairperson), Frary, and Lynch, each of whom were determined by our Board of Trustees to be “independent” as that term is used in applicable listing standards of the NYSE. Our Board of Trustees has determined that Mr. First qualifies as an “Audit Committee Financial Expert” in accordance with Item 407(d)(5) of Regulation S-K and that Messrs. Frary, and Lynch, at a minimum, have accounting and related financial management expertise within the meaning of the listing standards of the NYSE. None of the current Audit Committee members serves on the audit committees of more than three publicly registered companies.

During the fiscal year ended December 31, 2011, the Audit Committee met nine times in-person and telephonically, including quarterly in-person meetings with management, an internal audit consulting firm and our independent registered public accounting firm, to discuss matters concerning, among other matters, financial accounting matters, the audit of our consolidated financial statements for the year ended December 31, 2011, the adequacy of our internal controls over financial reporting, and internal audit matters. In addition, at each quarterly in-person Board of Trustees meeting, the Chairman of the Audit Committee updated the Board of Trustees with respect to matters discussed at the Audit Committee meetings.

Consistent with SEC policies regarding auditor independence, the Audit Committee has responsibility for appointing, setting compensation for and overseeing the work of the independent registered public accounting firm. In recognition of this responsibility, the Audit Committee has established a policy to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm.

During the year, circumstances may arise when it may become necessary to engage the independent registered public accounting firm for additional services not contemplated in the original pre-approval. In those instances, the Audit Committee requires specific pre-approval before engaging the independent registered public accounting firm. Pursuant to the Audit Committee charter, the Audit Committee is responsible for the pre-approval of all auditing services and, to the extent permitted under applicable law, non-audit services to be provided to the Company by the independent registered public accounting firm engaged by the Company. The Chairperson of the Audit Committee is delegated the authority to grant such pre-approvals. The decisions of the Chairperson to pre-approve any such activity are presented to the Audit Committee at its next scheduled meeting. In accordance with the foregoing, the retention by management of the independent registered accounting firm engaged by the Company for tax consulting services for specific projects is pre-approved, provided, that the cost of any such retention does not exceed \$20,000 and the annual cost of all such retentions does not exceed \$50,000.

The Audit Committee previously adopted an Internal Audit Charter, which formalizes the internal audit function of the Company. For the year ended December 31, 2011, the Audit Committee retained J.H. Cohn LLP to provide internal audit assistance.

Report of the Audit Committee of our Board of Trustees

Management is responsible for the internal controls and financial reporting process of Lexington Realty Trust (the "Trust"). The independent registered public accounting firm is responsible for performing an independent audit of the Trust's consolidated financial statements and auditing the Trust's internal control over financial reporting in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), and issuing a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes. The Audit Committee charter is designed to assist the Audit Committee in complying with applicable provisions of the Securities and Exchange Act of 1934, as amended, and the New York Stock Exchange's listing rules, all of which relate to corporate governance and many of which directly or indirectly affect the duties, powers and responsibilities of the Audit Committee. Among the duties, powers and responsibilities of the Audit Committee as provided in the Audit Committee charter, the Audit Committee:

- has sole power and authority concerning the engagement and fees of independent registered public accounting firms,
- reviews with the independent registered public accounting firm the scope of the annual audit and the audit procedures to be utilized,
- pre-approves audit and permitted non-audit services provided by the independent registered public accounting firm,
- reviews the independence of the independent registered public accounting firm,
- reviews the adequacy of the Trust's internal accounting controls, and
- reviews accounting, auditing and financial reporting matters with the Trust's independent registered public accounting firm and management.

In connection with these responsibilities, the Audit Committee met with management and the independent registered public accounting firm to review and discuss the December 31, 2011 audited consolidated financial statements. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU Section 380) as adopted by the PCAOB in Rule 3200T. The Audit Committee also received written disclosures and the letter from the independent registered public accounting firm as set forth in the applicable requirements of the

PCAOB, and the Audit Committee discussed with the independent registered public accounting firm that firm's independence.

Based upon the Audit Committee's discussions with management and the independent registered public accounting firm referred to above, and the Audit Committee's review of the representations of management, the Audit Committee recommended that our Board of Trustees include the December 31, 2011 audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2011, filed with the SEC on February 28, 2012.

Audit Committee of the Board of Trustees

Harold First, Chairperson

Richard S. Frary

Kevin W. Lynch

Compensation Committee. The principal functions of the Compensation Committee are to determine the compensation for our executive officers and non-employee trustees and to administer and review our incentive compensation plans and are set forth in a written charter, which is available on our website at [www.lxp.com](http://www.lxp.com). As of December 31, 2011, the Compensation Committee members were Messrs. Frary (Chairperson), Grosfeld, and Lynch, each of whom were determined by our Board of Trustees to be "independent" as defined by the applicable listing standards of the NYSE. During the fiscal year ended December 31, 2011, the Compensation Committee met four times. In addition, the full Board of Trustees discussed compensation matters at certain of its Board of Trustees meetings during the fiscal year ended December 31, 2011.

The Compensation Committee charter reflects various responsibilities, and the Compensation Committee periodically reviews and revises its charter. To assist in carrying out its responsibilities, the Compensation Committee regularly receives reports and recommendations from our executive officers, primarily our Chief Executive Officer, and from an outside compensation consultant it selects and retains. In addition and as appropriate, the Compensation Committee consults with its own legal or other advisors, all in accordance with the authority granted to it under its charter. During 2011, the Compensation Committee retained FPL Associates Compensation, a division of FPL Associates L.P., a nationally known executive compensation and benefits consulting firm, which we refer to as FPL. FPL charged \$35,000 for these services. Other than reviewing and advising with respect to executive and trustee compensation, FPL does not provide any non-executive compensation or other services for us. Management does not retain any executive compensation consultant.

The Compensation Committee has the authority to determine and approve the individual elements of total compensation paid to our executive officers and certain other senior officers. The Compensation Committee reviews the performance and compensation of our executive officers, including the executive officers named in this proxy statement. Our Chief Executive Officer assists in the annual review of the compensation of our other executive officers and certain other senior officers. Our Chief Executive Officer makes recommendations with respect to salary adjustments and annual cash incentive opportunities, annual long-term incentive opportunities and any other long-term incentive awards based on his review and on market data compiled by the compensation consultant or industry associations.

Compensation Committee Report (1)

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management, and based on the review and discussions, the Compensation Committee recommended to our Board of Trustees that the Compensation Discussion and Analysis be included in the proxy statement for the 2012 Annual Meeting of Shareholders.

Compensation Committee of the Board of Trustees

Richard S. Frary, Chairperson

James Grosfeld

Kevin W. Lynch

(1) Notwithstanding anything to the contrary set forth in any of our previous or future filings under the Securities Act of 1933, as amended, which we refer to as the Securities Act, or the Exchange Act, that might incorporate by reference this proxy statement or future filings made by us under those statutes, the Compensation Committee Report is not deemed filed with the SEC and shall not be deemed incorporated by reference into any of those prior filings or into any future filings made by us under the Securities Act or the Exchange Act.

Nominating and Corporate Governance Committee. The principal functions of the Nominating and Corporate Governance Committee are to identify individuals qualified to become trustees and/or executive officers, monitor corporate governance guidelines, lead the annual review of our Board of Trustees and make recommendations for service on all other committees and are set forth in a written charter, which is available on our website at [www.lxp.com](http://www.lxp.com). As of December 31, 2011, the Nominating and Corporate Governance Committee members were Messrs. Grosfeld (Chairperson), First, and Frary, each of whom were determined by our Board of Trustees to be “independent” as defined by the applicable listing standards of the NYSE. During the fiscal year ended December 31, 2011, the Nominating and Corporate Governance Committee met two times. In addition, the full Board of Trustees discussed nominating and corporate governance matters at certain of its Board of Trustees meetings during the fiscal year ended December 31, 2011.

Our Board of Trustees believes that the Nominating and Corporate Governance Committee is qualified and in the best position to identify, review, evaluate and select qualified candidates for membership on our Board of Trustees based on the criteria described in the next paragraph. However, the Nominating and Corporate Governance Committee intends to consider nominees recommended by shareholders only if the submission of a recommendation includes a current resume and curriculum vitae of the candidate, a statement describing the candidate's qualifications, contact information for personal and professional references, the name and address of the shareholder who is submitting the candidate for nomination, the number of shares which are owned of record or beneficially by the submitting shareholder and a description of all arrangements or understandings between the submitting shareholder and the candidate for nomination. Submissions should be made to our Secretary at: Lexington Realty Trust, One Penn Plaza, Suite 4015, New York, NY 10119-4015, Attention: Secretary. The Nominating and Corporate Governance Committee has no obligation to recommend such candidates for nomination except as may be required by contractual obligation of the Company.

In recommending candidates for membership on our Board of Trustees, the Nominating and Corporate Governance Committee's assessment includes consideration of issues of judgment, diversity, expertise, and experience. The Nominating and Corporate Governance Committee believes that a diverse board is one that includes differences of viewpoints, professional experience, education, skill, and other individual qualities and attributes that contribute to board heterogeneity. The Nominating and Corporate Governance Committee also considers other relevant factors as it deems appropriate. Generally, qualified candidates for board membership should (i) demonstrate personal integrity and moral character, (ii) be willing to apply sound and independent business judgment for the long-term interests of shareholders, (iii) possess relevant business or professional experience, technical expertise, or specialized skills, (iv) possess personality traits and backgrounds that fit with those of the other trustees to produce a collegial and cooperative environment, (v) be responsive to our needs, and (vi) have the ability to commit sufficient time to effectively carry out the duties of a trustee. After completing this evaluation and review, the Nominating and Corporate Governance Committee makes a recommendation to our Board of Trustees as to the persons who should be nominated by our Board of Trustees, and our Board of Trustees determines the nominees after considering the recommendation and report of the Nominating and Corporate Governance Committee.

To the extent there is a vacancy on our Board of Trustees, the Nominating and Corporate Governance Committee will either identify individuals qualified to become trustees through relationships with our trustees or executive officers or by engaging a third party. We have not paid a third party to identify, evaluate or assist in identifying or evaluating potential nominees.

Executive Committee. The principal function of the Executive Committee is to exercise the authority of our Board of Trustees regarding routine matters performed in the ordinary course of business. As of December 31, 2011, the Executive Committee was comprised of Messrs. Lynch (Chairman), Frary, Eglin, and Roskind. Decisions of the Executive Committee must be unanimous. During the fiscal year ended December 31, 2011, the Executive Committee met one time.

#### Board Leadership Structure and Risk Oversight

Our board leadership structure currently consists of an independent Lead Trustee, an executive Chairman and a Chief Executive Officer. While we have separated the Chairman and Chief Executive Officer roles, both positions are held by executive officers. We believe that these positions are appropriate as our Chairman was also our founder and is active in our management. As a result of our Chairman and our Chief Executive Officer not being independent of us, our Board of Trustees determined that a Lead Trustee, who is independent, was necessary and appropriate. The Lead Trustee acts as a liaison between the independent trustees and management and presides at all regularly-scheduled executive sessions of the non-management members or independent members of our Board of Trustees. As of December 31, 2011, Mr. Lynch was our Lead Trustee.

Risk is an integral part of the Board of Trustee and Committee deliberations throughout the year. Management regularly performs, and reports to the Board of Trustees with respect to, a quarterly risk assessment as part of our risk management program. The quarterly risk assessment assesses the critical risks we face (e.g., strategic, operational, financial, legal/regulatory, and reputational), their relative magnitude and management's actions to mitigate these risks. In addition, the Audit Committee assists the Board of Trustees with the oversight of our risk management program, including its oversight of our internal audit function.



Shareholder Communications

Parties wishing to communicate directly with our Board of Trustees, an individual trustee, the Lead Trustee or the non-management members of our Board of Trustees as a group should address their inquires to our General Counsel by mail sent to our principal office located at One Penn Plaza, Suite 4015, New York, New York 10119-4015. The mailing envelope should contain a clear notification indicating that the enclosed letter is an “Interested Party/Shareholder-Board Communication,” “Interested Party/Shareholder-Trustee Communication,” “Interested Party/Shareholder-Lead Trustee Communication” or “Interested Party/Shareholder-Non-Management Trustee Communication,” as the case may be.

Periodic Reports, Code of Ethics, Committee Charters and Corporate Governance Guidelines

Our Internet address is [www.lxp.com](http://www.lxp.com). We make available free of charge through our website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, other filings with the SEC, and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after we electronically file such materials with the SEC. We also have made available on our website copies of our current Audit Committee Charter, Compensation Committee Charter, Nominating and Corporate Governance Committee Charter, Code of Business Conduct and Ethics, and Corporate Governance Guidelines. In the event of any changes to these charters or the code or the guidelines, changed copies will also be made available on our website.

You may request a copy of any of the documents referred to above, without charge to you, by contacting us at the following address or telephone number:

Lexington Realty Trust

One Penn Plaza, Suite 4015

New York, NY 10119-4015

(212) 692-7200

Attention: Investor Relations

Certain Relationships and Related Transactions

We have adopted a written policy regarding the review, approval, and ratification of any related party transaction. Under this policy, the Audit Committee or the Board of Trustees (consisting of all of the non-conflicted members) reviews the relevant facts and circumstances of each related party transaction, including whether the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party and the extent of the related party's interest in the transaction, taking into account the conflicts of interest and corporate opportunity provisions of our Code of Business Conduct and Ethics and the Audit Committee or the Board of Trustees (consisting of all of the non-conflicted members) either approves or disapproves the related party transaction. Any related amendment to, or waiver of any provision of, our Code of Business Conduct and Ethics for executive officers or trustees must be approved by the Nominating and Corporate Governance Committee (consisting of the non-conflicted members) and will be promptly disclosed to our shareholders as required by applicable laws, rules or regulations including, without limitation, the requirements of the NYSE.

Any related party transaction will be consummated and continue only if the Audit Committee or the Board of Trustees (consisting of all of the non-conflicted members) has approved or ratified such transaction in accordance with the guidelines set forth in the policy. For purposes of our policy, a "Related Party" is: (1) any person who is, or at any time since the beginning of our last fiscal year was, one of our trustees or executive officers or a nominee to become one of our trustees; (2) any person who is known to be the beneficial owner of more than 5% of any class of our voting securities; (3) any immediate family member of any of the foregoing persons, which means any spouse, child, stepchild, parent, stepparent, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law; and (4) any firm, corporation, or other entity in which any of the foregoing persons is employed, is a general partner, principal, or in a similar position, or in which such person has a 5% or greater beneficial ownership interest.

Certain of our trustees and executive officers have entered into an indemnification agreement with us. Pursuant to these agreements, we agree to indemnify the trustee or executive officer who is a party to such an agreement against any and all judgments, penalties, fines, settlements, and reasonable expenses (including attorneys' fees) actually incurred by the trustee or executive officer or in a similar capacity for any other entity at our request. These agreements include certain limitations on our obligations in certain circumstances, particularly in situations in which such indemnification is prohibited or limited by applicable law.

Mr. Broser is a Senior Vice President of Vornado. Vornado is a party to a Letter Agreement, among us and others, which, among other things, restricts our activities and investments in a manner intended to facilitate and maintain our qualification as a REIT and to prevent our direct and indirect activities and asset holdings from having adverse tax consequences to Vornado and its affiliates. Among other things, these restrictions require that we may not, without Vornado's consent, hold, directly or indirectly:

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securities in excess of specified thresholds other

than:

equity interests in entities that are treated as partnerships or disregarded entities for federal income tax purposes;  
stock of corporations for which an election to be a taxable REIT subsidiary will be made, or of entities qualifying as  
real estate investment trusts for federal income tax purposes;  
securities that are treated as qualifying assets for purposes of the REIT 75% asset test; or  
certain debt securities;

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assets that are treated as inventory for federal income tax purposes; or REMIC residual interests.

In addition, these restrictions require that we may not, without Vornado's consent, directly or indirectly: provide services other than specified services to tenants of our properties other than through an independent contractor or through a taxable REIT subsidiary;

allow a taxable REIT subsidiary to operate or manage a health care facility or a hotel or similar facility; or lease our properties to certain specified tenants.

If we breach these restrictions and, as a result, Vornado fails to qualify as a REIT or otherwise incurs liability for taxes, penalties, or similar charges, we will be required to indemnify Vornado for all losses, liabilities, costs and expenses attributable to the breach, which may be substantial.

These restrictions will generally expire sixty business days following the date on which we notify Vornado that its aggregate ownership represents less than a 2% interest in us.

In addition, we lease our corporate headquarters from Vornado. The lease was entered into prior to our merger with Newkirk Realty Trust, Inc. and expires December 2015, with rent fixed at approximately \$1.3 million per annum through December 2011, \$0.9 million for 2012 and approximately \$1.2 million per annum thereafter. We are also responsible for our proportionate share of operating expenses and real estate taxes over a base year.

In March 2012, our Board of Trustees approved the formation of Live In America Financial Services LLC, a Delaware limited liability company, or the Regional Center Holding Company, the sole members of which will be (1) Lexington Realty Advisors, Inc., one of our taxable REIT subsidiaries, and (2) The LCP Group L.P., an affiliate of Mr. Roskind. The Regional Center Holding Company will form entities, which we refer to each such entity as a Regional Center, that will seek U.S. Citizenship and Immigration Services, or USCIS, designation as an entity approved to raise funds from immigrant investors and invest such funds in projects that create jobs for U.S. workers in accordance with the fifth preference employment-based immigration program administered by the USCIS.

We will pay all expenses and retain all benefits of the Regional Center Holding Company related to our use of the Regional Center Holding Company and the Regional Centers, which will be limited to single tenant investments (not including lodging investments). The LCP Group L.P. will pay all expenses and retain all benefits of the Regional Center Holding Company related to its use of the Regional Center Holding Company and the Regional Centers, which shall not include single tenant investments (except for lodging investments).

The Regional Center Holding Company is required to obtain the unanimous approval of an advisory committee prior to participating in any project. The initial members of the advisory committee will be Messrs. Eglin, Carroll, First, and Frary. In addition, representatives of The LCP Group L.P. will be advisory committee members; however, Mr. Roskind may not be an advisory committee member. The advisory committee will also approve, on a unanimous basis, the allocation of expenses among the members of the Regional Center Holding Company and the Regional Centers. The advisory committee members will not receive compensation for their services on the advisory committee.

#### Charitable and Political Contributions

During 2011, we did not make any charitable contribution to any tax-exempt organization in which any independent trustee serves as an executive officer. As a general policy, we do not make a charitable contribution unless there is an express business purpose. We did not make any direct political contributions during 2011, nor do we intend to make any direct political contributions during 2012.

#### Compensation Committee Interlocks and Insider Participation

As of December 31, 2011, the Compensation Committee consisted of Messrs. Frary (Chairperson), Grosfeld, and Lynch. None of Messrs. Frary, Grosfeld, or Lynch is or has been one of our executive officers. Further, none of our executive officers has ever served as a member of the compensation committee or as a director of another entity whose executive officers served on our Compensation Committee or as a member of our Board of Trustees.

## COMPENSATION OF EXECUTIVE OFFICERS

### Compensation Discussion and Analysis

This Compensation Discussion and Analysis section discusses the compensation policies and programs for executive and senior officers, which includes our named executive officers. The Compensation Committee administers the compensation policies and programs for our executive and senior officers and regularly reviews and approves our compensation strategy and principles to ensure that they are aligned with our business strategy and objectives, encourage high performance, promote accountability and assure that management's interests are aligned with the interests of our shareholders.

Our named executive officers consist of T. Wilson Eglin, our Chief Executive Officer and President, Patrick Carroll, our Executive Vice President, Chief Financial Officer, and Treasurer, E. Robert Roskind, our Chairman, Richard J. Rouse, our Vice Chairman and Chief Investment Officer, and Joseph S. Bonventre, our Executive Vice President and General Counsel. While Mr. Bonventre is a named executive officer, our Board of Trustees has determined that Mr. Bonventre is not an officer for purposes of Section 16 of the Securities Act. Mr. Bonventre, age 36, joined us in 2004 as our Vice President and General Counsel. Mr. Bonventre was previously associated with the law firm that is now known as Paul Hastings LLP.

**Overview of Executive Compensation Philosophy and Objectives.** In connection with the Compensation Committee's responsibility of determining the compensation for our executive and senior officers, it believes that the compensation program should further both short-term and long-term business goals and strategies while enhancing shareholder value. In keeping with this philosophy, the compensation program's objectives are to:

- further align the interests of our executive and senior officers with those of our shareholders;
- strengthen the relationship between pay and performance by providing that almost all compensation other than base salary is contingent (subject to review by the Compensation Committee) upon the level of success in meeting specified company performance goals so that there is a "pay for performance" compensation structure;
- retain key members of management by providing non-vested compensation for past performance; and
- retain and attract key members of management by awarding long-term incentives if we meet certain specified performance goals.

**Base Salary.** Except for Mr. Bonventre, we were required to pay our named executive officers base salaries pursuant to their employment agreements, each of which provides for a minimum base salary. The Compensation Committee believes that base salaries provide our named executive officers with a degree of financial certainty and stability and are essential in attracting and retaining highly qualified individuals. In establishing an initial base salary (and ultimately, total compensation), the Compensation Committee considers (1) the scope of the individual's responsibilities, including the demands and profile of the positions held by the individual, (2) the individual's experience, and (3) competitive salaries (using any peer data provided by the independent compensation consultant; although the Compensation Committee does not target the average or any percentile of the peer group).

**Annual Incentive Opportunity.** The annual incentive opportunity is designed to supplement the cash compensation and increase the share ownership of our named executive officers so that it is competitive within our industry and properly rewards our named executive officers for their performance and their efforts in assisting us meet specified objectives. Prior to 2011, 50% of the annual incentive opportunity was generally paid in cash and 50% of the annual incentive opportunity was generally paid in non-vested common shares; however, the Compensation Committee would make adjustments so that cash portions were aligned for certain named executive officers or the cash portions were increased to bring total cash compensation more in-line with the peer groups. In 2011, the Compensation Committee determined that the annual incentive opportunity would be paid 100% in cash with each named executive officer having the right to elect to take 50% of any such award in non-vested common shares that vest ratably over three years. The Compensation Committee intends to continue this practice.

**Annual Long-Term Opportunity.** The annual long-term opportunity is also designed to increase the ownership of us by our named executive officers, while motivating long-term performance, encouraging long-term dedication to us, and operating as a retention mechanism. It is completely discretionary and has consisted of either a share option grant or a non-vested share grant. Generally, it fills the gap between the compensation program in effect and the market.

The Compensation Committee has determined that the withholding of shares is permitted for the payment of the exercise price of share options and taxes for share options and non-vested shares, in each case in accordance with U.S.

generally accepted accounting principles and only to the extent of minimum statutory withholding requirements. Historically, with the exception of accelerated vesting, the named executive officers were required to satisfy tax obligations in cash. This generally led to the named executive officers selling shares in the market to pay for this tax obligation. The Compensation Committee is of the opinion that the withholding of shares is preferred over market sales due to the control over the timing of the withholding and the retirement of the shares upon withholding.

Determining the Amount of Each Element of Compensation. The Compensation Committee reviews the performance of each of our executive and senior officers, including our Chief Executive Officer, on an annual basis. The Compensation Committee considers, among other things, (1) the scope of the individual's responsibilities, including the demands and profile of the positions held by the individual, (2) the individual's experience and tenure with us, (3) the individual's performance and contribution to our performance, (4) our performance against annual objectives set forth in management's business plan, and (5) competitive salaries.

The Compensation Committee has historically retained an independent compensation and benefits consultant and considers the results of compensation studies prepared for it by such consultant or industry and trade associations. Our Compensation Committee seeks to pay our executive and senior officers competitive levels of compensation that best reflect their individual responsibilities and contributions to the Company and our performance, while providing incentives to achieve our business and financial goals. While our Compensation Committee does not perform a formal internal pay equity study, our Compensation Committee retains the discretion to modify certain payouts to our named executive officers, so that the payouts are aligned with individual responsibilities and contributions to the Company. Our Chief Executive Officer assists in the annual review of the compensation of our executive and senior officers by making recommendations to the Compensation Committee based on his review of individual performance and market data compiled by the independent compensation consultant or industry and trade associations. The Compensation Committee makes all determinations with respect to the compensation of our executive and senior officers, including our Chief Executive Officer.

In 2011, to assist in its efforts to meet the objectives outlined above, the Compensation Committee retained FPL to provide general executive and senior officer compensation consulting services with respect to the determination of amounts under the 2011 executive compensation program and to respond to any Compensation Committee member's questions and need for advice and counsel. Such services included:

**Management Data Collection:**

reviewing historical pay philosophy and practices;  
confirming the existing compensation philosophy; and  
reviewing the Chief Executive Officer's recommendations.

**Compensation Guidance and Commentary:**

providing initial thoughts and reactions to the Chief Executive Officer's recommendations in light of then current market practices and performance;  
providing thoughts and perspectives on the broader REIT market, from a compensation perspective, based on ongoing conversations with executives/board members and up-to-date compensation data; and  
providing studies and recommendations regarding peer group data.

FPL, together with our Compensation Committee and our Chief Executive Officer, established two peer groups in 2011: (1) a REIT competitor-based peer group and (2) a size-based peer group.

**Competitor Peer Group.** For 2011, this group consisted of six public entities, which are either (1) our competitors for property acquisitions and tenants in the single-tenant net-lease space or (2) owners of a portfolio of primarily net-leased assets. The companies included in this peer group are as follows: CapLease, Inc.; Entertainment Properties Trust; Getty Realty Corp.; National Retail Properties, Inc.; Realty Income Corporation; and W.P. Carey & Co. LLC.

**Size Peer Group.** For 2011, this group consisted of 10 public entities, which operate across multiple asset classes and are similar in size to our total capitalization taking into account our total capitalization as of a certain date. Our total capitalization was in the 69<sup>th</sup> percentile of this group for fiscal year 2010. The companies included in this peer group are as follows: Ashford Hospitality Trust, Inc.; Colonial Properties Trust; Entertainment Properties Trust; Equity One, Inc.; Extra Space Storage Inc.; Omega Healthcare Investors, Inc.; Post Properties, Inc.; Sunstone Hotel Investors, Inc.; Tanger Factory Outlet Centers, Inc.; and Washington Real Estate Investment Trust.

Following review of the Chief Executive Officer's recommendations and the guidance provided by FPL, the Compensation Committee discussed, at length, the elements of the 2011 executive compensation program. The Compensation Committee then determined the amounts to be paid under the 2011 executive compensation program, which are set forth below under "Recap of 2011 Executive Compensation Program."

We believe our executive compensation programs are effectively designed, work well to align the interests of our executive officers with the interests of our shareholders, and are instrumental to achieving our business strategy. In determining executive compensation for fiscal year 2011, the Compensation Committee considered the overwhelming shareholder support that the non-binding advisory vote proposal received at our 2011 Annual Meeting of Shareholders. As a result, the Compensation Committee continued to apply substantially similar effective principles and philosophy it has used in previous years in determining executive compensation and will continue to consider shareholder concerns and feedback in the future.

In 2012, the Compensation Committee adopted a compensation program applicable to our named executive officers, the details of which are set forth below under “Elements of Compensation Program Applicable to Named Executive Officers for 2012.” In connection with this program, the Compensation Committee intends to arrange for FPL to update the peer group data prior to making any determinations with respect to payouts.



Companywide Retirement and Health and Welfare Benefits. In addition to the executive compensation program outlined below, our named executive officers participate in retirement and health and welfare benefits that are available to all employees with no distinction made among any groups of employees other than as required by applicable tax rules. A summary of these benefits follows:

•**Medical Insurance.** As of January 1, 2011, all full-time employees are eligible to be covered under two group health insurance plans we sponsor. Under these plans, we paid a portion of the premiums based on base salary during 2011 as follows:

Base Salary	Company Premium Contribution	
	In and Out of Network Plan	In Network Only
Up to \$100,000	85%	100%
\$100,001 to \$150,000	81%	96%
\$150,001 to \$200,000	72%	85%
\$200,001 to \$250,000	63%	75%
\$250,001 or more	54%	64%

In the event that (1) employee only coverage was selected for the In Network Only plan and the employee's base salary was \$100,000 or less or (2) an employee elected not to participate in one of these plans, we paid the employee a portion of the savings we realized. None of our named executive officers received any such payment during 2011. We retain the ability to change the percentage of premiums that we pay in our sole discretion.

- Dental Insurance.** All full-time employees are covered under our group dental insurance policy. We currently pay 100% of the premiums, but have the ability to change the percentage of premiums that we pay in our sole discretion.
- Life and Accidental Death and Dismemberment.** All full-time employees are covered by our group life and accidental death and dismemberment policy. The benefit is equal to two times base salary (excluding incentive compensation) to a maximum of \$500,000. We pay all premiums for this insurance.
- Long-Term Disability Insurance.** All full-time employees are covered by our group long-term disability insurance policy. The benefit is equal to 60% of pre-disability base salary (excluding incentive compensation), after a 90 day waiting period. We pay all premiums for this insurance.
- Short-Term Disability Insurance.** All full-time employees are covered by our group short-term disability insurance policy. The benefit for the employees in our New York location (which include all of our executive officers) is equal to \$170 per week, after a 7 day waiting period. The employees pay the premium for this insurance.
- 401(k) Plan.** All full-time employees 21 years of age and older are eligible to participate in our 401(k) Plan, which has a Roth 401(k) option. Subject to vesting requirements, regulatory compliance and our discretion, we currently match 100% of the first 4% of an employee's base salary that is contributed to the 401(k) Plan through salary deferral. In addition, at management's discretion and subject to regulatory compliance, a pro-rata contribution may be made at year end to each active member of the 401(k) Plan, which, together with the matching contribution has not and will not exceed 5% of each active member's base salary. Vesting of our contribution is based on years of service as follows: 1 year 25%, 2 years 50%, 3 years 75%, and 4 years 100%.
- Employee Stock Purchase Plan.** We maintain an employee stock purchase plan where full-time employees can invest in our common shares through payroll deductions on a quarterly basis at a 5% discount. None of our named executive officers participated in our employee stock purchase plan during 2011.
- Business Travel Insurance.** All exempt full-time employees are covered under our business travel insurance policy when traveling on company business. The benefit is 10 times annual base salary (excluding incentive compensation) up to \$1.0 million. All premiums are paid by us.

**Executive Life Insurance Policies.** In 2001, our Board of Trustees approved individual/portable term life insurance policies for our named executive officers, with the exception of Mr. Bonventre, which are in addition to the benefits set forth above. We pay the premiums under these policies each year that the insured is one of our employees. The premiums for 2011 were: \$1,314 for Mr. Eglin; \$712 for Mr. Carroll; \$2,112 for Mr. Roskind; and \$2,727 for Mr. Rouse. Each policy provides for a maximum benefit of \$700,000, with the exception of Mr. Rouse's policy, which provides for a maximum benefit of \$1.0 million, but Mr. Rouse pays the additional premium for the benefit over \$700,000. Mr. Bonventre does not receive this benefit because he is not considered a "senior executive officer" like our other named executive officers.



Recap of 2011 Executive Compensation Program. For the year ended December 31, 2011, the 2011 executive compensation program consisted of (1) base salary, (2) annual incentive opportunity, and (3) annual long-term opportunity consisting of non-vested common shares.

Base Salary. Base salaries under the 2011 executive compensation program remained unchanged from 2010 (with the exception of Mr. Bonventre's salary, which was increased by \$15,000 from 2010 to 2011), were as follows:

Named Executive Officer	2011 Base Salary
T. Wilson Eglin	\$550,000
Patrick Carroll	\$375,000
E. Robert Roskind	\$450,000
Richard J. Rouse	\$475,000
Joseph S. Bonventre	\$250,000

Mr. Bonventre's base salary was increased because it was below the average for the peer groups (although the Compensation Committee does not generally target the average or any percentile in the peer groups).

Annual Incentive Awards. The annual incentive opportunity was a percentage of base salary ranging from 0% to 200% for T. Wilson Eglin and E. Robert Roskind, and 0% to 135% for Richard J. Rouse, Patrick Carroll and Joseph S. Bonventre.

Approximately fifty percent of the annual incentive opportunity was determined with respect to subjective measures, which were the same as those set forth under "Elements of Compensation Program Applicable to Named Executive Officers for 2012," below. The balance was determined with respect to the following objective measures, which were measured from December 1, 2010 to November 30, 2011:

	MEDIOCRE	THRESHOLD	TARGET
Disposition Volume	\$50,000,000	\$125,000,000	\$200,000,000
Acquisition Volume	\$100,000,000	\$200,000,000	\$300,000,000
Leverage Ratio (1)	55%	53%	50%
Absolute Return	0%	8%	10%
Relative Return (2)	<0%	0%	2%

(1) As defined in our secured revolving credit agreement dated as of January 28, 2011.

(2) Relative versus specified index.

The Compensation Committee retained the ability to (1) determine the appropriate weighting (i) between subjective and objective measures and (ii) of each subjective and objective measurement for each named executive officer and (2) award payments in excess of the total opportunity if it determined that exceptional performance was attained or if the amounts to be paid are not in line with market practices. In order to be consistent with market practices, FPL provided updated peer group data as an additional market check.

The Chief Executive Officer provided a memorandum to the Compensation Committee with his report on performance of the objective and subjective measurements and his compensation recommendations for each officer based on the scale of MEDIOCRE, THRESHOLD and TARGET. FPL and the Compensation Committee then reviewed these recommendations. The Compensation Committee made the ultimate determination on the subjective measurements and the appropriate weighting when it approved the awards under the 2011 executive compensation program.

On December 30, 2011, the Compensation Committee granted the following annual cash incentives awards based on the objective and subjective measurements in the 2011 executive compensation program, which were below the threshold amounts for Patrick Carroll, E. Robert Roskind and Richard J. Rouse, at the threshold amount for Joseph S. Bonventre, and above the threshold amount for T. Wilson Eglin:

Officer	2011 Annual Cash Incentive Award	Percentage of Base Salary
T. Wilson Eglin	\$600,000	109%
Patrick Carroll	\$350,000	93%
E. Robert Roskind	\$425,000	94%
Richard J. Rouse	\$425,000	89%

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Joseph S. Bonventre

\$250,000

100%

Following determination, each named executive officer could have elected to take up to 50% of any award in non-vested common shares that vest ratably over a three-year period. However, none of the named executive officers made this election.

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Annual Long-Term Incentive Award. After reviewing the amounts to be paid for the annual incentive opportunity and the base salaries paid compared with the benchmarking analysis performed by FPL, the Chief Executive Officer recommended awards of non-vested common shares to bring total compensation for 2011 in line with each named executive's peers. Following a review of our Chief Executive Officer's recommendations and consultation with FPL, the Compensation Committee awarded the following non-vested common shares:

Name	Grant Date Value (1)
T. Wilson Eglin	\$1,025,000
Patrick Carroll	\$600,000
E. Robert Roskind	\$675,000
Richard J. Rouse	\$650,000
Joseph S. Bonventre	\$350,000

Non-vested common share awards vest ratably over three years and were valued at \$7.49 per share, which was the (1) closing per share price of our common shares on December 30, 2011. The non-vested common shares are entitled to voting and dividend rights.

While the Compensation Committee does not target the average or any percentile of the peer groups, the Compensation Committee seeks to pay in-line with the peer group amounts when taking into account subjective factors like tenure and experience. The Compensation Committee believes that the non-vested common shares further align management with our shareholders.

Total Compensation. Total compensation under the 2011 executive compensation plan increased from total compensation under the 2010 executive compensation plan primarily due to increased transaction activity and the attainment of balance sheet management objectives. A comparison of the total amounts for 2011 and 2010 follows:

Name	2011 Total Compensation (1)	2010 Total Compensation (1)	Percentage Increase(2)
T. Wilson Eglin	\$2,175,000	\$2,090,200	4%
Patrick Carroll	\$1,325,000	\$1,224,200	8%
E. Robert Roskind	\$1,550,000	\$1,538,000	1%
Richard J. Rouse	\$1,550,000	\$1,424,200	9%
Joseph S. Bonventre	\$850,000	\$719,300	18%

(1) Includes base salary, annual incentive award and annual long-term incentive award with all equity awards valued at the grant date.

(2) The double digit percentage increase for Joseph S. Bonventre results from the Compensation Committee bringing his total compensation more in-line with his peers.

Total compensation in the Summary Compensation Table, below, differs from the amounts in the table above primarily due to "All Other Compensation", which consists of dividends paid on non-vested common shares, life insurance premiums and 401(k) contributions.

The Employment Agreement, between us and T. Wilson Eglin, which was entered into on January 15, 2012, provided for a Long-Term Nonvested Share Agreement, which, in turn, provided for a one-time grant of 150,000 non-vested common shares. The 150,000 non-vested common shares vest ratably over a five-year period. The dividends on these non-vested common shares accrue and are paid at the time of vesting of the related common shares. The Compensation Committee determined that Mr. Eglin's share ownership percentage should be increased to further align him with our shareholders. The Compensation Committee intends to continue to explore ways to increase Mr. Eglin's share ownership.

Elements of Compensation Program Applicable to Named Executive Officers for 2012. The Compensation Committee retained FPL as its independent compensation consultant to perform an analysis of our compensation practices for our named executive officers with those of our peers and to make recommendations with respect to the compensation program applicable to our named executive officers for 2012.

Base Salary. Base salaries will remain unchanged from 2011, with the exception of Joseph S. Bonventre's base salary which was initially increased by \$8,750, but subsequently increased by a total of \$10,000:

Officer	Base Salary
T. Wilson Eglin	\$550,000
Patrick Carroll	\$375,000

E. Robert Roskind	\$450,000
Richard J. Rouse	\$475,000
Joseph S. Bonventre	\$260,000

Other than Joseph S. Bonventre's base salary, the base salaries of the other named executive officers have remained unchanged since 2008.

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Annual Incentive Opportunity. The annual incentive opportunity will be a percentage of base salary ranging from 0% to 200% for Messrs. Roskind and Eglin, and 0% to 135% for Messrs. Rouse, Carroll and Bonventre, which are based upon FPL's recommendations.

Officer	MEDIOCRE	THRESHOLD	TARGET
T. Wilson Eglin	0%	100%	200%
Patrick Carroll	0%	100%	135%
E. Robert Roskind			