

Hudson Pacific Properties, Inc.
Form DEFR14A
April 28, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934
(Amendment No. 1)

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

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

Hudson Pacific Properties, Inc.

(Name of Registrant as Specified in Its Charter)

(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)(4) and 0-11.

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(1) Amount previously paid:

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(3) Filing Party:

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EXPLANATORY NOTE

On April 21, 2011 Hudson Pacific Properties, Inc. filed with the Securities and Exchange Commission a definitive proxy statement for the 2011 Annual Meeting of Stockholders to be held on June 9, 2011. After the filing but prior to the mailing of the Proxy Statement to our common stock holders, Mr. Mark Burnett resigned from our Board of Directors in order to devote more of his time to other professional obligations. In tendering his resignation, Mr. Burnett expressed no disagreement with Hudson Pacific Properties, Inc. Mr. Burnett's resignation was effective as of 12:01 a.m. on April 25, 2011. We are hereby amending and restating the Proxy Statement to exclude information regarding Mr. Burnett as a nominee for director and to provide notice that the Board has reduced the number of directors to eight, eliminating the vacancy on our Board created by Mr. Burnett's resignation. The proxy card being mailed to our common stock holders reflects this revision. Other than the revisions to exclude Mr. Burnett as a nominee for election as a director, there are no other material changes to the information contained in the Proxy Statement. We will only mail this amended and restated Proxy Statement to our common stock holders.

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April 26, 2011

Dear Fellow Stockholder:

On behalf of the Board of Directors of Hudson Pacific Properties, Inc., I cordially invite you to attend our Annual Meeting of Stockholders on Thursday, June 9, 2011, at Luxe Sunset Boulevard Hotel, 11461 Sunset Boulevard, Los Angeles, California at 9:00 a.m. (PDT).

The notice of meeting and proxy statement that follow describe the business we will consider at the meeting. We sincerely hope you will be able to attend the meeting. However, whether or not you are personally present, your vote is very important. We are pleased to offer multiple options for voting your shares. You may vote by telephone, via the Internet, by mail or in person as described beginning on page 2 of the proxy statement.

Thank you for your continued support of Hudson Pacific Properties, Inc.

Sincerely yours,
Victor J. Coleman
Chief Executive Officer and Chairman of
the Board of Directors

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Hudson Pacific Properties, Inc.
11601 Wilshire Blvd., Suite 1600
Los Angeles, California 90025
(310) 445-5700

NOTICE OF 2011 ANNUAL MEETING OF STOCKHOLDERS

Please join us for the 2011 Annual Meeting of Stockholders of Hudson Pacific Properties, Inc., a Maryland corporation. The meeting will be held at 9:00 a.m. (PDT), on Thursday, June 9, 2011, at Luxe Sunset Boulevard Hotel, 11461 Sunset Boulevard, Los Angeles, California.

At the 2011 Annual Meeting of Stockholders, our stockholders will consider and vote on the following matters:

- (1) The election of eight directors, each to serve until the next annual meeting of our stockholders and until his successor is duly elected and qualifies;
- (2) The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011;
- (3) An advisory resolution on the Company's executive compensation for the fiscal year ended December 31, 2010, as described in the accompanying Proxy Statement;
- (4) An advisory determination of the frequency of future advisory votes on the Company's executive compensation; and
- (5) Any other business properly introduced at the Annual Meeting or any adjournment or postponement of the Annual Meeting.

You must own shares of Hudson Pacific Properties, Inc. common stock at the close of business on April 20, 2011, the record date for the 2011 Annual Meeting of Stockholders, to attend and vote at the Annual Meeting and at any adjournments or postponements of the Annual Meeting. If you plan to attend, please bring a picture I.D. and, if your shares are held in "street name" (i.e., through a broker, bank or other nominee), a copy of a brokerage statement reflecting your stock ownership as of the close of business on April 20, 2011. Regardless of whether you will attend, please authorize your proxy electronically through the Internet or by telephone or by completing and mailing your proxy card so that your votes can be cast at the Annual Meeting in accordance with your instructions. For specific instructions on authorizing a proxy, please refer to the instructions on the proxy card. Authorizing a proxy in any of these ways will not prevent you from voting in person at the 2011 Annual Meeting of Stockholders if you are a stockholder of record as of the record date for the Annual Meeting or if you hold a proxy from a record holder.

By Order of the Board of Directors

Howard S. Stern
President and Secretary
Los Angeles, California
April 26, 2011

This Proxy Statement and accompanying proxy card are available beginning April 29, 2011 in connection with the solicitation of proxies by the Board of Directors of Hudson Pacific Properties, Inc., for use at the 2011 Annual Meeting of Stockholders, which we may refer to alternatively as the "Annual Meeting." We may refer to ourselves in this Proxy Statement alternatively as the "Company," "we," "us" or "our" and we may refer to our Board of Directors as the "Board." A copy of our Annual Report to Stockholders for the 2010 fiscal year, including financial statements, is being sent simultaneously with this Proxy Statement to each stockholder.

Important Notice Regarding Availability of Proxy Materials For the Stockholder Meeting to be Held on June 9, 2011:
The Notice of Annual Meeting of Stockholders, the Proxy Statement and our 2010 Annual Report are available at
<http://www.edocumentview.com/HPP>.

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PROXY STATEMENT

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

Where and when is the Annual Meeting? The Annual Meeting will be held at 9:00 a.m. (PDT) on Thursday, June 9, 2011 at Luxe Sunset Boulevard Hotel, 11461 Sunset Boulevard, Los Angeles, California.

What is the purpose of the Annual Meeting of Stockholders? At the Annual Meeting, stockholders will vote upon matters described in the Notice of Annual Meeting and this Proxy Statement, including the election of directors and the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm. In addition, once the business of the Annual Meeting is concluded, members of management will respond to questions raised by stockholders, as time permits.

Who can attend the Annual Meeting? All of our stockholders as of the close of business on April 20, 2011, the record date for the Annual Meeting, or individuals holding their duly appointed proxies, may attend the Annual Meeting. You should be prepared to present photo identification for admittance. Appointing a proxy in response to this solicitation will not affect a stockholder's right to attend the Annual Meeting and to vote in person. Please note that if you hold your common stock in "street name" (that is, through a broker, bank or other nominee), you will need to bring a copy of a brokerage statement reflecting your stock ownership as of April 20, 2011 to gain admittance to the Annual Meeting.

What am I voting on? At the Annual Meeting, you may consider and vote on:

- (1) the election of eight directors;
- (2) the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011;
- (3) an advisory resolution on the Company's executive compensation;
- (4) an advisory determination of the frequency of future advisory votes on the Company's executive compensation; and
- (5) any other business properly introduced at the Annual Meeting.

What are the Board's recommendations? The Board recommends a vote:

- for the election of each nominee named in this Proxy Statement (see Proposal No. 1);
- for ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011 (see Proposal No. 2);
- for the advisory resolution on the Company's executive compensation (see Proposal No. 3); and
- for submitting an advisory resolution on the compensation of our named executive officers to stockholders every one year (see Proposal No. 4).

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board.

Who may vote? You may vote if you owned shares of our common stock at the close of business on April 20, 2011, which is the record date for the Annual Meeting. You are entitled to one vote for as many individuals as there are directors to be elected at the Annual Meeting and to cast one vote on each other matter presented at the Annual

Meeting for each share of common stock you owned as of the record date. As of April 20, 2011, we had 22,453,569 shares of common stock outstanding.

Who counts the votes? A representative of Computershare, Inc. will tabulate the votes, and our General Counsel, Kay L. Tidwell, will act as the inspector of the election.

Is my vote confidential? Yes, your proxy card, ballot, and voting records will not be disclosed to us unless applicable law requires disclosure, you request disclosure, or your vote is cast in a contested election (which is not applicable in 2011). If you write comments on your proxy card, your comments will be provided to us, but how you voted will remain confidential.

What is quorum for the Annual Meeting? Stockholders entitled to cast a majority of all the votes entitled to be cast at the Annual Meeting will constitute a quorum at the Annual Meeting. No business may be conducted at the Annual Meeting if a quorum is not present.

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If a quorum is not present at the Annual Meeting, the chairman of the meeting may adjourn the Annual Meeting to another date, time or place, not later than 120 days after the original record date of April 20, 2011 without notice other than announcement at the meeting. We may also postpone or cancel the Annual Meeting by making a public announcement of the postponement or cancellation before the time scheduled for the Annual Meeting.

What vote is required to approve an item of business at the Annual Meeting? To be elected as a director (Proposal No. 1), a nominee must receive a plurality of the votes cast in the election of directors.

To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm (Proposal No. 2), adopt the advisory resolution on executive compensation (Proposal No. 3) and advise a frequency of future advisory votes on executive compensation (Proposal No. 4, the "Frequency Proposal"), the affirmative vote of a majority of the votes cast on the proposal is required.

Because there are three alternatives for Proposal No. 4, one year, two years or three years, it is possible that none of the three alternatives will receive a majority of the votes cast on this proposal. If no frequency receives a majority of the votes cast on the Frequency Proposal, the compensation committee of our Board of Directors intends to take the results of the vote on the Frequency Proposal into account in its decision regarding the frequency with which the Company submits advisory resolutions on executive compensation in the future.

If you are a stockholder of record as of the record date for the Annual Meeting and you authorize a proxy (whether by Internet, telephone or mail) without specifying a choice on any given matter to be considered at this Annual Meeting, the proxy holders will vote your shares according to the Board's recommendation on that matter. If you are a stockholder of record as of the record date for the Annual Meeting and you fail to authorize a proxy or vote in person, assuming that a quorum is present at the Annual Meeting, it will have no effect on the result of the vote on any of the matters to be considered at the Annual Meeting.

If you hold your shares through a broker, bank or other nominee, under the rules of the New York Stock Exchange, or NYSE, your broker or other nominee may not vote with respect to certain proposals unless you have provided voting instructions with respect to that proposal. A "broker non-vote" results when a broker, bank or other nominee properly executes and returns a proxy but indicates that the nominee is not voting with respect to a particular matter because the nominee has not received voting instructions from the beneficial owner. A broker non-vote is not considered a vote cast on a proposal, however, stockholders delivering a properly-executed broker non-vote will be counted as present for purposes of determining whether a quorum is present.

If you hold your shares in a brokerage account, then, under NYSE rules and Maryland law:

With respect to Proposal No. 1 (Election of Directors), your broker, bank or other nominee is not entitled to vote your shares on this matter if no instructions are received from you. Broker non-votes will have no effect on the election of directors.

With respect to Proposal No. 2 (Ratification of Independent Registered Public Accounting Firm), your broker is entitled to vote your shares on this matter if no instructions are received from you.

With respect to Proposal No. 3 (Advisory Resolution on Executive Compensation) and Proposal No. 4 (Frequency Proposal), your broker, bank or other nominee is not entitled to vote your shares on these matters if no instructions are received from you. Broker non-votes will have no effect on the result of the vote on either of these proposals.

Because an abstention is not a vote cast, if you instruct your proxy or broker to "abstain" on any matter, it will have no effect on the vote on any of the matters to be considered at the Annual Meeting. However, you will still be counted as

present for purposes of determining whether a quorum is present.

How do I vote? If you plan to attend the Annual Meeting and wish to vote in person, we will give you a ballot at the Annual Meeting. However, if your common stock is held in the name of your broker, bank or other nominee, and you want to vote in person, you will need to obtain a legal proxy from the institution that holds your common stock indicating that you were the beneficial owner of the shares as of the record date for the Annual Meeting.

If your common stock is held in your name, there are three ways for you to authorize a proxy:

• If you received a paper copy of the proxy materials by mail, sign and mail the proxy card in the enclosed return envelope;

• Call 1-800-652-VOTE (8683); or

• Log on to the Internet at www.investorvote.com/HPP and follow the instructions at that site. The Web site address for

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authorizing a proxy by Internet is also provided on your Notice.

Telephone and Internet proxy authorizations will close at 1:00 a.m. (Central Time) on June 9, 2011. Unless you indicate otherwise on your proxy card, the persons named as your proxies will vote your common stock: FOR all of the nominees for director named in this Proxy Statement; FOR the ratification of Ernst & Young LLP as our independent registered public accounting firm; FOR the advisory resolution on the Company's executive compensation; and FOR submitting an advisory resolution on the compensation of our named executive officers to stockholders every year.

If your common stock is held in the name of your broker, bank or other nominee, you should receive separate instructions from the holder of your common stock describing how to provide voting instructions.

Even if you plan to attend the Annual Meeting, we recommend that you authorize a proxy in advance as described above so that your vote will be counted if you later decide not to attend the Annual Meeting.

Can I revoke my proxy? Yes, if your common stock is held in your name, you can revoke your proxy by:

• Filing written notice of revocation before our Annual Meeting with our General Counsel, Kay L. Tidwell, at the address shown on the front of this Proxy Statement;

• Signing a proxy bearing a later date; or

• Voting in person at the Annual Meeting.

Attendance at the Annual Meeting will not, by itself, revoke a properly-executed proxy. If your common stock is held in the name of your broker, bank or other nominee, please follow the voting instructions provided by the holder of your common stock regarding how to revoke your proxy.

What happens if additional matters are presented at the Annual Meeting? Other than the four proposals described in this Proxy Statement, we are not aware of any business that may properly be brought before the Annual Meeting. If any other matters are properly introduced for a vote at the Annual Meeting and if you properly authorize a proxy, the persons named as proxy holders will vote in their discretion on any such additional matters. As of the date of this Proxy Statement, our Board is not aware of any other individual who may properly be nominated for election as a director at the Annual Meeting or of any nominee who is unable or unwilling to serve as director. If any nominee named in this proxy statement is unwilling or unable to serve as a director, our Board may nominate another individual for election as a director at the Annual Meeting, and the persons named as proxy holders will vote for the election of any substitute nominee.

Who pays for this proxy solicitation? We will bear the expense of preparing, printing and mailing this proxy statement and the proxies we solicit. Proxies may be solicited by mail, telephone, personal contact and electronic means and may also be solicited by directors and officers in person, by the Internet, by telephone or by facsimile transmission, without additional remuneration.

We will also request brokerage firms, banks, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of shares of our stock as of the record date and will reimburse them for the cost of forwarding the proxy materials in accordance with customary practice. Your cooperation in promptly voting your shares and submitting your proxy by the Internet or telephone, or by completing and returning the enclosed proxy card (if you received your proxy materials in the mail), will help to avoid additional expense.

Where can I find corporate governance materials? Our Corporate Governance Guidelines and Code of Business Conduct and Ethics and the charters for the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee are published on the Corporate Governance page of the Investor Relations section on our Web site at www.hudsonpacificproperties.com. (We are not including the other information contained on, or available through, our Web site as a part of, or incorporating such information by reference into, this Proxy Statement.)

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INFORMATION ABOUT THE BOARD

PROPOSAL NO. 1

NOMINEES FOR ELECTION TO THE BOARD

At the Annual Meeting, our stockholders will elect eight directors to serve until our next annual meeting of stockholders and until their respective successors are elected and qualify. The Board seeks independent directors who represent a mix of backgrounds and experiences that will enhance the quality of the Board's deliberations and decisions. In nominating candidates, the Board considers a diversified membership in the broadest sense, including persons diverse in experience, gender and ethnicity. The Board does not discriminate on the basis of race, color, national origin, gender, religion, disability, or sexual preference. Our director nominees were nominated by the Board based on the recommendation of the Nominating and Corporate Governance Committee, or Governance Committee. They were selected on the basis of outstanding achievement in their professional careers, broad experience, personal and professional integrity, their ability to make independent, analytical inquiries, financial literacy, mature judgment, high performance standards, familiarity with our business and industry, and an ability to work collegially. We also believe that all of our director nominees have a reputation for integrity, honesty and adherence to high ethical standards. All nominees are presently directors of Hudson Pacific Properties, Inc. and each of the nominees has consented, if elected as a director, to serve until his term expires.

Your proxy holder will cast your votes for each of the Board's nominees, unless you instruct otherwise. If a nominee is unable to serve as a director, your proxy holder will vote for any substitute nominee proposed by the Board.

The Board of Directors unanimously recommends that the stockholders vote "FOR" the eight nominees listed below.

Name	Age	Position
Victor J. Coleman	49	Director; Chief Executive Officer; Chairman of the Board
Howard S. Stern	49	Director; President and Secretary
Theodore R. Antenucci†	46	Director; Audit Committee member and Investment Committee member
Richard B. Fried	43	Director
Jonathan M. Glaser†	48	Director; Audit Committee member, Compensation Committee Chairperson and Investment Committee member
Mark D. Linehan†	49	Director; Audit Committee Chairperson, Compensation Committee member and Investment Committee member
Robert M. Moran, Jr.†	48	Director; Governance Committee Chairperson and Investment Committee member
Barry A. Porter†	53	Director; Compensation Committee member and Governance Committee member

† Independent within the meaning of the NYSE listing standards.

Victor J. Coleman serves as Chief Executive Officer and as Chairman of our Board of Directors. Prior to the formation of our company, Mr. Coleman founded and served as a managing partner of our predecessor, Hudson Capital, LLC, a private real estate investment company based in Los Angeles, California. In 1990, Mr. Coleman co-founded and led Arden Realty, Inc. as its President and Chief Operating Officer and as a director, taking that company public on the NYSE in 1996 and selling it to GE Real Estate, a division of General Electric Capital Corporation, in 2006. Prior to that sale, Mr. Coleman was primarily responsible for all facets of Arden Realty, Inc.'s strategic planning and growth, as well as management of that company's team of top real estate professionals. Mr. Coleman is an active community leader, has been the recipient of the Humanitarian

Award for the National Conference of Christians and Jews, and is on the Founding Board of Directors for the Ziman Center for Real Estate (from 2004 to the present) at the Anderson School, UCLA, and the Boards of Fisher Center for Real Estate and Urban Economics, Los Angeles Sports & Entertainment Commission, the Archer School (from 2007 to the present) and the Bel Air Chapter of YPO. Mr. Coleman's previous experience as a director also includes service on the board of other public companies such as Douglas Emmett, Inc. (from 2006 to 2009) and People's Choice (2003 to 2006). He holds a Master of Business Administration degree from Golden Gate University and a Bachelor of Arts in History from the University of California, Berkeley. Mr. Coleman was selected by our Board of Directors to serve as a director based on his deep knowledge of our company and his experience in the real estate investment industry.

Howard S. Stern serves as President and Secretary and as a director. Prior to the formation of our company, Mr. Stern served as a managing partner of our predecessor, Hudson Capital, LLC, where he acted as President of the Sunset Gower and Sunset Bronson media and entertainment properties in Hollywood, and oversaw the daily operations of 23 production sound stages and

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over approximately 550,000 square feet of office. Before joining Hudson Capital, LLC, Mr. Stern served as Senior Vice President and Chief Investment Officer for Arden Realty, Inc. from 2003 until its sale in 2006, where he was responsible for acquisition, disposition, development, structured finance and new investment activities. In his early tenure with Arden Realty, Inc., which began in 2001, he first served as Vice President of Strategic Planning, then as First Vice President of Operations and Leasing. Before his tenure at Arden Realty, Inc., Mr. Stern spent five years as Vice President of the Archon Group, a subsidiary of Goldman, Sachs & Co., where he oversaw all Western Region mezzanine financing and real estate management activities. Mr. Stern is a graduate of the University of California, Berkeley with a Bachelor of Arts degree in Political Science and Economics, and has a Master of Business Administration degree from the University of Southern California. Mr. Stern was selected by our Board of Directors to serve as a director based on his deep knowledge of our company and his experience in the real estate investment industry.

Theodore R. Antenucci has been a member of our Board of Directors since our initial public offering, or IPO. Mr. Antenucci currently serves on a transitional basis in the dual capacity as President and CEO of Catellus Development Corporation and President and Chief Investment Officer of ProLogis; he intends to resign from his ProLogis role in June of 2011. He is also a member of the Executive Committee at ProLogis, which is a leading global provider of distribution facilities with over \$32 billion in real estate assets under management. Mr. Antenucci oversees all major transactions and provides oversight and direction to the senior management teams. Mr. Antenucci also serves on the board of directors for ProLogis European Properties, a public fund trading on the Euronext stock exchange in Amsterdam. Before joining ProLogis in September 2005, Mr. Antenucci served as President of Catellus Commercial Development Commercial, and was responsible for all development, construction and acquisition activities. Prior to that, he served as Executive Vice President of Catellus Commercial Group, where he managed the company's industrial development activities throughout the western United States. Additionally, Mr. Antenucci has served on the Board of Trustees of the Children's Hospital Foundation since December of 2010. Mr. Antenucci earned a Bachelor of Arts degree in Business Economics from the University of California, Santa Barbara. Mr. Antenucci was selected by our Board based on his experience as an executive and board member of a REIT and his extensive real estate and development expertise in the Southern California market. Mr. Antenucci is a member of our Board's Audit Committee.

Richard B. Fried has been a member of our Board of Directors since our IPO. His selection as a member of our Board was made in connection with the negotiation of our formation transactions. Mr. Fried is currently a Managing Member and co-head of the real estate group at Farallon Capital Management, L.L.C., an investment management company that he has been with since 1995. Mr. Fried also currently serves as a Board Member of One California Bank, a position he has held since the bank's inception in 2007. Previously, Mr. Fried was a Vice President in acquisitions for Security Capital Industrial Trust (now called ProLogis), a real estate investment trust specializing in industrial properties. Mr. Fried has also worked as an associate in capital markets at JMB Institutional Realty Corporation. Mr. Fried graduated cum laude from the University of Pennsylvania with a Bachelor of Science degree in Economics and a Bachelor of Arts degree in History. Our Board of Directors determined that Mr. Fried should serve as a director based on his role with Farallon, our largest stockholder, and based on his experience in the real estate investment industry.

Jonathan M. Glaser has been a member of our Board of Directors since our IPO. Mr. Glaser has been Managing Member of JMG Capital Management LLC since he founded the company in 1992. JMG Capital Management LLC is the General Partner of JMG Capital Partners, L.P., an investment limited partnership that has been a leader in various capital market strategies, private placements and additional financing strategies. Prior to founding JMG, Mr. Glaser was a member floor trader on both the American Stock Exchange and Pacific Stock Exchange. Mr. Glaser received a Juris Doctor degree from the Boalt Hall School of Law at the University of California, Berkeley, as well as a Bachelor of Arts degree from the University of California, Berkeley. Our Board of Directors has determined that Mr. Glaser

should serve on our Board based on his capital markets expertise, as well as his extensive experience in portfolio management, financial oversight and directorship service. Mr. Glaser is the chair of our Board's Compensation Committee and is a member of our Board's Audit Committee.

Mark D. Linehan has been a member of our Board of Directors since our IPO. Mr. Linehan has served as President and Chief Executive Officer of Wynmark Company since he founded the company in 1993. Wynmark Company is a private real estate investment and development company with interests in properties in California, Nevada, Oregon and Montana. Prior to founding Wynmark Company, Mr. Linehan was a Senior Vice President with the Trammell Crow Company in Los Angeles, California. Before that, Mr. Linehan was with Kenneth Leventhal & Co. (now Ernst & Young LLP), a Los Angeles-based public accounting firm. In addition, Mr. Linehan is actively involved with the community through his service on the board of the UC Santa Barbara Foundation, the National Cowboy and Western Heritage Museum, and the Goleta Valley Hospital, as well as his previous board memberships with the Signet Corporation and the Camino Real Park Foundation. Mr. Linehan received a Bachelor of Arts degree in Business Economics from the University of California, Santa Barbara and is a Certified Public Accountant. Mr. Linehan was selected by our Board based on his extensive experience in real estate investment and development as well as his expertise in accounting matters. Mr. Linehan is the chair of our Board's Audit Committee and is a member of our Board's Compensation Committee.

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Robert M. Moran, Jr. has served as a member of our Board of Directors since our IPO. Mr. Moran co-founded and co-owns FJM Investments LLC, a private real estate investment company that owns interest in properties in the western United States and British Columbia, Canada. Previously, Mr. Moran developed his extensive experience in real estate investment activities at Westridge Investments, LLC and as Chief Investment Officer of Cornerstone Properties, Inc. He also served as a partner at WilliamWilson & Associates, as well as the Director of Acquisitions in four real estate opportunity funds resulting in the \$1.2 billion sale to Cornerstone Properties, Inc. In addition, Mr. Moran has significant experience in real estate lending, having worked at Travelers Insurance, Wells Fargo Bank, Manufacturers Hanover and Chemical Bank. Mr. Moran received his Bachelor of Arts in Economics from Stanford University. Our Board of Directors has determined that Mr. Moran should serve as a Director on our Board based on his familiarity with the Northern California real estate market and his experience with REITs and public companies. Mr. Moran is the chair of our Board's Nominating and Corporate Governance Committee.

Barry A. Porter has served as a member of our Board of Directors since our IPO. Mr. Porter co-founded Clarity Partners L.P. in 2000 and has served as a Managing General Partner of the partnership since then. Clarity Partners L.P. is a private equity firm focused exclusively on investments in media, communications and business services. In 2007 Mr. Porter co-founded Clarity China L.P., a private equity firm specializing in investments in growth companies in the Greater China region. He serves on the Investment Committee of that partnership, which has also invested in real estate in China. Mr. Porter serves on the Board of Impredia, the leading Hispanic news and information company in the United States and on the Board of Naylor Publishing, a publishing company focused on the North American trade association market. Prior to co-founding Clarity Partners, Mr. Porter held senior executive positions at Global Crossing, a company he co-founded in 1997 that was involved in the international fiber optic telecommunications business. Before that, Mr. Porter was a Managing Director at Pacific Capital Group, a firm he joined after serving as a Senior Managing Director in the investment banking group of Bear Stearns. In addition, Mr. Porter worked as an attorney at the Los Angeles firm of Wyman, Bautzer, Rothman, Kuchel and Silbert. He received his Juris Doctor and Master of Business Administration degrees from the University of California, Berkeley, and graduated from the Wharton School of Business, where he earned a Bachelor of Science degree with dual majors in Finance and Political Science. Mr. Porter was selected by our Board of Directors to serve as a director based on his expertise in public companies, capital markets, and his accounting and financial background. Mr. Porter is a member of our Board's Compensation Committee and our Board's Nominating and Corporate Governance Committee.

DIRECTOR COMPENSATION

Name ⁽¹⁾	Fee Earned in Cash (\$) ⁽²⁾	Stock Awards (\$) ⁽⁴⁾	Total (\$)
Theodore R. Antenucci	25,549	124,987	150,536
Mark Burnett	25,549	124,987 ⁽⁵⁾	150,536
Jonathan M. Glaser	30,063 ⁽³⁾	124,987	155,050
Richard B. Fried	25,549	24,993	50,542
Mark D. Linehan	33,131	124,987	158,118
Robert M. Moran, Jr.	29,340	124,987	154,327

Barry A. Porter	25,008 ⁽³⁾	124,987	149,995
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Mr. Coleman, our Chief Executive Officer, and Mr. Stern, our President, are not included in this table as they are (1) employees of our Company and do not receive compensation for their services as directors. All compensation paid to Messrs. Coleman and Stern for the services they provide to us is reflected in the Summary Compensation Table.

(2) Reflects annual base and, if applicable, committee chair retainer fees earned in 2010 following the completion of our IPO.

(3) Pursuant to our Director Stock Plan, Messrs. Glaser and Porter elected to receive all of their non-committee cash retainer fees earned in 2010 in the form of fully-vested shares of our common stock having an equal value to the amount otherwise payable in cash.

(4) Amounts reflect the full grant-date fair value of restricted stock awards granted with respect to services performed in 2010 computed in accordance with ASC Topic 718, rather than the amounts paid to or realized by the named individual. We provide information regarding the assumptions used to calculate the value of all restricted stock awards made to directors in Notes 2 and 12 to the consolidated financial statements contained in our Annual Report on Form 10-K. In connection with the completion of our IPO, each non-employee director nominee received a grant of 5,882 shares of our restricted common stock. In addition, on January 20, 2011, each non-employee director received a grant of 1,653 shares of our restricted common stock. These grants were made in respect of services performed in 2010 following the completion of our IPO. Each restricted stock award will vest, and the restrictions thereon will lapse, in three equal, annual installments on each of the first three anniversaries of the grant date, subject to continued service with us through the applicable vesting dates.

(5) 7,535 shares of restricted stock forfeited upon Mr. Burnett's resignation on April 25, 2011.

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Narrative Disclosure to Director Compensation Table

Non-Employee Director Compensation Program

The compensation program for our non-employee directors is intended to fairly compensate our directors for the time and effort necessary to serve on our Board. Non-employee members of our Board receive a combination of cash and equity-based compensation.

Cash compensation. In 2010, our Board approved a non-employee director compensation program, effective upon completion of our IPO, pursuant to which each non-employee director is entitled to receive an annual base fee for his or her services of \$50,000. In addition, if a non-employee director serves as the chair of the Audit, Compensation or Nominating and Corporate Governance committees, such non-employee director is entitled to receive an additional annual cash retainer of \$15,000, \$10,000 or \$7,500, respectively.

Retainers are payable in quarterly installments over the course of the service year.

In June 2010, our Board adopted our Director Stock Plan, under which non-employee directors are permitted to elect to receive some or all of their cash compensation in the form of fully-vested shares of our common stock having an equal value to the amount otherwise payable in cash. In 2010, participating non-employee directors were able to elect to currently receive fully vested shares in lieu of cash fees. In 2011 and going forward, non-employee directors will be able to elect to receive fully vested shares in lieu of cash fees currently and/or on a deferred basis for fees paid with respect to services performed from and after January 1, 2011.

We reimburse each of our directors for his or her travel expenses incurred in connection with his or her attendance at full Board and committee meetings.

Equity compensation. Concurrently with the completion of our IPO, we made one-time grants of 5,882 shares of restricted common stock (valued at approximately \$100,000) to each of our non-employee director nominees under the 2010 Plan. These awards of restricted stock vest ratably as to one-third of the shares subject to each grant on each of the first three anniversaries of the grant date, subject to the director's continued service on our Board.

Under the non-employee director compensation program, in addition to the cash retainer fees and one-time restricted stock grants described above (and whether or not the director elects to receive such cash fees in vested shares), each non-employee director is entitled to receive an annual grant of restricted stock valued at \$50,000 on the date of our annual stockholders' meeting. These awards of restricted stock vest ratably as to one-third of their shares on each of the first three anniversaries of the applicable grant date, subject to the director's continued service on our Board.

Non-employee directors did not receive annual grants of restricted stock in 2010. We expect to make the first annual grants of restricted stock to non-employee directors pursuant to the non-employee compensation program at our 2011 Annual Meeting.

Discretionary Stock Awards

Our Board awarded discretionary grants of restricted stock to each non-employee director on January 20, 2011, valued at approximately \$25,000. These supplemental restricted stock awards were intended to compensate our non-employee directors for services rendered to our Company following our IPO in 2010, in light of the fact that we did not have an annual meeting in 2010 at which to make annual grants. Each of these restricted stock awards vest

ratably as to one-third of their shares on each of the first three anniversaries of the applicable grant date, subject to the director's continued service on our Board.

BOARD STRUCTURE, LEADERSHIP AND RISK MANAGEMENT

We have structured our corporate governance in a manner we believe closely aligns our interests with those of our stockholders. Notable features of our corporate governance structure include the following:

- our Board of Directors is not staggered, with each of our directors subject to re-election annually;
- of the eight persons who serve on our Board of Directors, our Board of Directors has determined that 5, or 63%, of our directors satisfy the listing standards for independence of the NYSE and Rule 10A-3 under the Securities Exchange Act of 1934, as amended, or the Exchange Act;
- at least one of our directors qualifies as an "audit committee financial expert" as defined by the SEC;
- we have opted out of the control share acquisition statute in the MGCL and have exempted from the business

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combination provisions of the MGCL any business combination that is first approved by our Board of Directors, including a majority of our disinterested directors; and
•we do not have a stockholder rights plan.

Our directors stay informed about our business by attending meetings of our Board of Directors and its committees and through supplemental reports and communications. Our independent directors meet regularly in executive sessions without the presence of our corporate officers or non-independent directors.

EXECUTIVE SESSIONS OF NON-MANAGEMENT DIRECTORS

Our non-management directors meet without management present each time the full Board convenes for a regularly scheduled meeting. If the Board convenes for a special meeting, the non-management directors will meet in executive session if circumstances warrant. Mark Linehan, one of our independent directors, presides over executive sessions of the Board.

The Board welcomes communications from stockholders. For information on how to communicate with our independent directors, please refer to the information set forth under the heading “—Communications with the Board.”

BOARD MEETINGS

The Board held four regularly scheduled and special meetings since our IPO during 2010 to review significant developments, engage in strategic planning, and act on matters requiring Board approval. Each incumbent director attended an aggregate of at least 75 percent of the Board meetings, and the meetings of committees on which he served, during the period that he served in 2010.

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BOARD COMMITTEES

Our Board of Directors has established four standing committees: an Audit Committee, a Compensation Committee, a Governance Committee and an Investment Committee. The principal functions of each committee are briefly described below. We comply with the listing requirements and other rules and regulations of the NYSE, as amended or modified from time to time, with respect to each of these committees and each of these committees is comprised exclusively of independent directors. Additionally, our Board of Directors may from time to time establish other committees to facilitate the management of our company.

Audit Committee

Our Audit Committee consists of three of our independent directors. We have determined that the Chairman of our Audit Committee qualifies as an “audit committee financial expert” as that term is defined by the applicable SEC regulations and NYSE corporate governance listing standards. Our Board of Directors has determined that each of the Audit Committee members is “financially literate” as that term is defined by the NYSE corporate governance listing standards. We have adopted an Audit Committee charter, which details the principal functions of the Audit Committee, including oversight related to:

- our accounting and financial reporting processes;
- the integrity of our consolidated financial statements and financial reporting process;
- our systems of disclosure controls and procedures and internal control over financial reporting;
- our compliance with financial, legal and regulatory requirements;
- the evaluation of the qualifications, independence and performance of our independent registered public accounting firm;
- the performance of our internal audit function; and
- our overall risk profile.

The Audit Committee is also responsible for engaging an independent registered public accounting firm, reviewing with the independent registered public accounting firm the plans and results of the audit engagement, approving professional services provided by the independent registered public accounting firm, including all audit and non-audit services, reviewing the independence of the independent registered public accounting firm, considering the range of audit and non-audit fees and reviewing the adequacy of our internal accounting controls. The Audit Committee also prepares the Audit Committee report required by SEC regulations to be included in our annual proxy statement. Mr. Linehan is Chairman, as well as our Audit Committee Financial Expert, and Messrs. Antenucci and Glaser are members of the Audit Committee. During 2010, the Audit Committee met a total of three times.

Compensation Committee

Our Compensation Committee consists of three of our independent directors. We adopted a Compensation Committee charter, which details the principal functions of the Compensation Committee, including:

- reviewing and approving on an annual basis the corporate goals and objectives relevant to our Chief Executive Officer’s compensation, evaluating our Chief Executive Officer’s performance in light of such goals and objectives and determining and approving the remuneration of our Chief Executive Officer based on such evaluation;
- reviewing and approving the compensation of all of our other officers;
- reviewing our executive compensation policies and plans;
- implementing and administering our incentive compensation equity-based remuneration plans;

- assisting management in complying with our proxy statement and annual report disclosure requirements;
- producing a report on executive compensation to be included in our annual proxy statement; and
- reviewing, evaluating and recommending changes, if appropriate, to the remuneration for directors.

The Compensation Committee may delegate its responsibilities to a subcommittee of the Compensation Committee, provided that such responsibilities do not pertain to matters involving executive compensation or certain matters determined to involve compensation intended to comply with Section 162(m) of the Code. Mr. Glaser is Chairman and Messrs. Linehan and Porter are members of the Compensation Committee. During 2010, the Compensation Committee met twice, and acted by unanimous written consent on three occasions.

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Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee, or Governance Committee, consists of two of our independent directors. We adopted a Nominating and Corporate Governance Committee charter, which details the principal functions of the Governance Committee, including:

- identifying and recommending to the full Board of Directors qualified candidates for election as directors and recommending nominees for election as directors at the annual meeting of stockholders;
- developing and recommending to the Board of Directors corporate governance guidelines and implementing and monitoring such guidelines;
- reviewing and making recommendations on matters involving the general operation of the Board of Directors, including Board size and composition, and committee composition and structure;
- recommending to the Board of Directors nominees for each committee of the Board of Directors;
- annually facilitating the assessment of the Board of Directors' performance as a whole and of the individual directors, as required by applicable law, regulations and the NYSE corporate governance listing standards; and
- overseeing the Board of Directors' evaluation of the performance of management.

Messrs. Moran and Porter are members of the Governance Committee, and Mr. Moran is Chairman. Mr. Burnett, who resigned from our Board of Directors effective April 25, 2011, was a member of the Governance Committee. The vacancy on the Governance Committee created by such resignation will be filled in accordance with our Governance Committee's charter. During 2010, our Governance Committee did not hold any formal meetings.

Investment Committee

Our Investment Committee consists of three of our independent directors. The Investment Committee is tasked with reviewing and recommending acquisition strategies to the full Board and approving the acquisition of certain assets with a purchase price above 35 million dollars and up to the dollar thresholds set by the Board. The Investment Committee may also review and make recommendation to the full Board on acquisition and investment transactions that exceed the Investment Committee's approval authority.

Messrs. Antenucci, Linehan and Moran are members of the Investment Committee. During 2010, the Investment Committee did not hold any formal meetings.

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AUDIT COMMITTEE REPORT

The information contained in this Report of the Audit Committee shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended (the “Securities Act”) or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing (except to the extent that we specifically incorporate this information by reference) and shall not otherwise be deemed “soliciting material” or “filed” with the SEC or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Exchange Act (except to the extent that we specifically incorporate this information by reference).

Although the Audit Committee of the Board of Directors (the “Audit Committee”) oversees our financial reporting process on behalf of the Board of Directors (the “Board”) of Hudson Pacific Properties, Inc., a Maryland corporation, consistent with the Audit Committee’s written charter, management has the primary responsibility for preparation of our consolidated financial statements in accordance with generally accepted accounting principles and the reporting process, including disclosure controls and procedures and the system of internal control over financial reporting. Our independent registered public accounting firm is responsible for auditing the annual financial statements prepared by management.

The Audit Committee has reviewed and discussed with management and our independent registered public accounting firm, Ernst & Young LLP, our December 31, 2010 audited financial statements. Prior to the commencement of the audit, the Audit Committee discussed with our management and independent registered public accounting firm the overall scope and plans for the audit. Subsequent to the audit and each of the quarterly reviews, the Audit Committee discussed with the independent registered public accounting firm, with and without management present, the results of their examinations or reviews, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of specific judgments and the clarity of disclosures in the consolidated financial statements.

In addition, the Audit Committee discussed with the independent registered public accounting firm the matters required to be discussed by Statements on Auditing Standards No. 114, “Communication with Audit Committees,” as amended. The Audit Committee has also received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant’s communications with the Audit Committee concerning independence. The Audit Committee discussed with the independent registered public accounting firm its independence from us and considered the compatibility of non-audit services with its independence.

Based upon the reviews and discussions referred to in the foregoing paragraphs, the Audit Committee recommended to our Board that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2010 filed with the Securities and Exchange Commission.

AUDIT COMMITTEE

Mark D. Linehan
Theodore Antenucci
Jonathan Glaser

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CORPORATE GOVERNANCE

CODE OF BUSINESS CONDUCT AND ETHICS

Our Board of Directors established a code of business conduct and ethics that applies to our officers, directors and employees. Among other matters, our code of business conduct and ethics is designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in our SEC reports and other public communications;
- compliance with applicable governmental laws, rules and regulations;
- prompt internal reporting of violations of the code to appropriate persons identified in the code; and
- accountability for adherence to the code of business conduct and ethics.

Any waiver of the code of business conduct and ethics for our executive officers or directors must be approved by a majority of our independent directors, and any such waiver shall be promptly disclosed as required by law or NYSE regulations.

The Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee charters, along with the Code of Business Conduct and Ethics and Corporate Governance Guidelines, are published in the Corporate Governance section of the Investor Relations page on our Web site at www.hudsonpacificproperties.com. In addition, these documents also are available in print to any stockholder who requests a copy from our Investor Relations Department at Hudson Pacific Properties, Inc., 11601 Wilshire Blvd., Suite 1600, Los Angeles, California 90025, or by email at ir@hudsonppi.com. In accordance with the Corporate Governance Guidelines, the Board and each of the Compensation Committee, Audit Committee and Nominating and Corporate Governance Committee conducts an annual performance self-assessment with the purpose of increasing effectiveness of the Board and its committees. (The Company's Web site address provided above and elsewhere in this Proxy Statement is not intended to function as a hyperlink, and the information on the Company's Web site is not and should not be considered part of this Proxy Statement and is not incorporated by reference herein.)

ROLE OF THE BOARD IN RISK OVERSIGHT

One of the key functions of our Board of Directors is informed oversight of our risk management process. Our Board of Directors administers this oversight function directly, with support from its three standing committees, the Audit Committee, the Governance Committee and the Compensation Committee, each of which addresses risks specific to their respective areas of oversight. In particular, our Audit Committee has the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken. The Audit Committee also monitors compliance with legal and regulatory requirements, in addition to oversight of the performance of our internal audit function.

Our Governance Committee monitors the effectiveness of our corporate governance guidelines, including whether they are successful in preventing illegal or improper liability-creating conduct. Our Compensation Committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During the fiscal year ended December 31, 2010, the members of our Compensation Committee were Jonathan M. Glaser, Mark D. Linehan and Barry A. Porter. None of Messrs. Glaser, Linehan or Porter has ever been an officer or employee of our Company or any of our subsidiaries. During 2010, none of our executive officers served on the compensation committee (or equivalent), or the board of directors, of another entity whose executive officer(s) served on our Compensation Committee or Board.

COMMUNICATIONS WITH THE BOARD

Stockholders and other interested parties may write to the entire Board or any of its members at Hudson Pacific Properties, Inc., c/o Kay L. Tidwell, Executive Vice President, Legal Affairs, 11601 Wilshire Blvd., Suite 1600, Los Angeles, California 90025. Stockholders and other interested parties also may e-mail the Chairperson, the entire Board or any of its members c/o kay@hudsonppi.com. The Board may not be able to respond to all stockholder inquiries directly. Therefore, the Board has developed a process to assist it with managing inquiries.

The General Counsel will perform a legal review in the normal discharge of her duties to ensure that communications forwarded to the Chairperson, the Board or any of its members preserve the integrity of the process. While the Board oversees

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management, it does not participate in day-to-day management functions or business operations, and is not normally in the best position to respond to inquiries with respect to those matters. For example, items that are unrelated to the duties and responsibilities of the Board such as spam, junk mail and mass mailings, ordinary course disputes over fees or services, personal employee complaints, business inquiries, new product or service suggestions, resumes and other forms of job inquiries, surveys, business solicitations or advertisements will not be forwarded to the Chairperson or any other director. In addition, material that is unduly hostile, threatening, illegal or similarly unsuitable will not be forwarded to the Chairperson or any other director and will not be retained.

Any communication that is relevant to the conduct of our business and is not forwarded will be retained for one year and made available to the Chairperson and any other independent director on request. The independent directors grant the General Counsel discretion to decide what correspondence will be shared with our management and specifically instruct that any personal employee complaints be forwarded to our Human Resources Department. If a response on behalf of the Board is appropriate, we gather any information and documentation necessary for answering the inquiry and provide the information and documentation as well as a proposed response to the appropriate directors. We also may attempt to communicate with the stockholder for any necessary clarification. Our General Counsel (or her designee) reviews and approves responses on behalf of the Board in consultation with the applicable director, as appropriate.

Certain circumstances may require that the Board depart from the procedures described above, such as the receipt of threatening letters or e-mails or voluminous inquiries with respect to the same subject matter. Nevertheless, the Board considers stockholder questions and comments important, and endeavors to respond promptly and appropriately.

NOMINATION PROCESS FOR DIRECTOR CANDIDATES

The Governance Committee is, among other things, responsible for identifying and evaluating potential candidates and recommending candidates to the Board for nomination. The Governance Committee is governed by a written charter, a copy of which is published in the Corporate Governance section of the Investor Relations page of our Web site at www.hudsonpacificproperties.com.

The Governance Committee regularly reviews the composition of the Board and whether the addition of directors with particular experiences, skills, or characteristics would make the Board more effective. When a need arises to fill a vacancy, or it is determined that a director possessing particular experiences, skills, or characteristics would make the Board more effective, the Governance Committee initiates a search. As a part of the search process, the Governance Committee may consult with other directors and members of senior management, and may hire a search firm to assist in identifying and evaluating potential candidates.

When considering a candidate, the Governance Committee reviews the candidate's experiences, skills, and characteristics. The Governance Committee also considers whether a potential candidate would otherwise qualify for membership on the Board, and whether the potential candidate would likely satisfy the independence requirements of the NYSE as described below.

Candidates are selected on the basis of outstanding achievement in their professional careers, broad experience, personal and professional integrity, their ability to make independent, analytical inquiries, financial literacy, mature judgment, high performance standards, familiarity with our business and industry, and an ability to work collegially. Other factors include having members with various and relevant career experience and technical skills, and having a Board that is, as a whole, diverse. Where appropriate, we will conduct a criminal and background check on the candidate. In addition, at least a majority of the Board must be independent as determined by the Board under the

guidelines of the NYSE listing standards, and at least one member of the Board should have the qualifications and skills necessary to be considered an “Audit Committee Financial Expert” under Section 407 of the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley Act”), as defined by the rules of the SEC.

All potential candidates are interviewed by our Chief Executive Officer, our Board Chairperson and Governance Committee Chairperson, and, to the extent practicable, the other members of the Governance Committee, and may be interviewed by other directors and members of senior management as desired and as schedules permit. In addition, the General Counsel conducts a review of the director questionnaire submitted by the candidate and, as appropriate, a background and reference check is conducted. The Governance Committee then meets to consider and approve the final candidates, and either makes its recommendation to the Board to fill a vacancy, or add an additional member, or recommends a slate of candidates to the Board for nomination for election to the Board. The selection process for candidates is intended to be flexible, and the Governance Committee, in the exercise of its discretion, may deviate from the selection process when particular circumstances warrant a different approach.

Stockholders may recommend candidates to our Board. See “Communications with the Board” on page 12 for more

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information.

AUDIT COMMITTEE FINANCIAL EXPERTS

Our Board has determined that Mr. Linehan qualifies as an “audit committee financial expert,” as this term has been defined by the SEC in Item 407(d)(5)(ii) of Regulation S-K. Messrs. Linehan, Antenucci and Glaser were each determined by our Board to be “financially literate” in accordance with SEC rules, including based on their prior experience: Mr. Antenucci has a B.A. degree in Business Economics, and Mr. Glaser has extensive experience in financial oversight.

Our Board determined that Mr. Linehan acquired the required attributes for such designation as a result of the following relevant experience, which forms of experience are not listed in any order of importance and were not assigned any relative weights or values by our Board in making such determination:

- Mr. Linehan received a B.A. degree in Business Economics from the University of California, Santa Barbara.
- Mr. Linehan is a Certified Public Accountant.
- Mr. Linehan was previously employed by Kenneth Leventhal & Co. (now Ernst & Young LLP), a Los Angeles-based public accounting firm.
- Mr. Linehan has served as President and Chief Executive Officer of Wynmark Company since he founded the company in 1993.

AUDIT COMMITTEE PRE-APPROVAL POLICY

The Audit Committee’s policy is to pre-approve all significant audit and permissible non-audit services provided by our independent auditors. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. Our independent auditors and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent auditors in accordance with this pre-approval, and the fees for the services performed to date. The Audit Committee may also pre-approve particular services on a case-by-case basis.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

Ernst & Young LLP’s fees for the fiscal years ended December 31, 2010 and 2009 were as follows (in thousands):

	Fiscal Year Ended December 31	
	2010	2009
Audit Fees	\$1,721	\$459
Audit-Related Fees	\$45	\$—
Tax Fees	\$463	\$218
All Other Fees	\$—	\$—
Total Fees	\$2,229	\$677

A description of the types of services provided in each category is as follows:

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Audit Fees—Includes audit of our annual financial statements; review of our quarterly reports on Form 10-Q; and audits performed, issuance of consents, issuance of comfort letters as part of underwriters' due diligence, and review of various registration statements all in conjunction with our initial public offering and secondary offering.

Audit-Related Fees—Includes financial due diligence in connection with acquisitions, and access to accounting research database.

Tax Fees—Includes tax preparation services and various domestic tax planning and advice provided subsequent to and as part of our IPO and secondary offering.

All of the services performed by Ernst & Young LLP for the Company during 2010 were either expressly pre-approved by the

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Audit Committee or were pre-approved in accordance with the Audit Committee Pre-Approval Policy, and the Audit Committee was provided with regular updates as to the nature of such services and fees paid for such services.

BOARD ATTENDANCE AT ANNUAL MEETING OF STOCKHOLDERS

While the Board understands that there may be situations that prevent a director from attending an annual meeting of stockholders, the Board strongly encourages all directors to make attendance at all annual meetings of stockholders a priority. The 2011 Annual Meeting of Stockholders is our first annual stockholders' meeting since our IPO in June 2010.

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OTHER COMPANY PROPOSALS

PROPOSAL NO. 2

RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee appointed Ernst & Young LLP as our independent registered public accounting firm to audit our consolidated financial statements for the fiscal year ending December 31, 2011. During 2010, Ernst & Young LLP served as our independent registered public accounting firm and reported on our consolidated financial statements for that year.

We expect that representatives of Ernst & Young LLP will attend the Annual Meeting and will have the opportunity to make a statement if they so desire and to respond to appropriate questions.

Although stockholder ratification is not required, the appointment of Ernst & Young LLP is being submitted for ratification at the Annual Meeting with a view towards soliciting stockholders' opinions, which the Audit Committee will take into consideration in future deliberations. If Ernst & Young LLP's selection is not ratified at the Annual Meeting, the Audit Committee will consider the engagement of another independent registered accounting firm. The Audit Committee may terminate Ernst & Young LLP's engagement as our independent registered public accounting firm without the approval of our stockholders whenever the Audit Committee deems termination appropriate.

The Board of Directors unanimously recommends a vote "FOR" the ratification of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011.

PROPOSAL NO. 3

ADVISORY VOTE ON EXECUTIVE COMPENSATION ("SAY-ON-PAY VOTE")

Background

The recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") enables our stockholders to vote to approve, on an advisory, non-binding basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the rules of the Securities and Exchange Commission, or SEC.

Summary

We are asking our stockholders to provide advisory approval of the compensation of our named executive officers (which consist of our Chief Executive Officer, Chief Financial Officer and our next three highest paid executives), as such compensation is described in the "Compensation Discussion & Analysis" section, the tabular disclosure regarding such compensation and the accompanying narrative disclosure set forth in this proxy statement, beginning on page 21. Our executive compensation programs are designed to enable us to attract, motivate and retain executive talent, who are critical to our success. These programs are intended to link significant components of our compensation program to the achievement of corporate and individual performance objectives in order to focus our executives' efforts on building stockholder value, thereby aligning their interests with those of our stockholders. Following is a discussion of the role of certain components of our executive compensation program in creating this link. We urge our stockholders to review the "Compensation Discussion & Analysis" and "Compensation Tables" sections of this proxy statement for more information.

We emphasize pay-for-performance with regard to cash compensation. We believe that a significant portion of our

executives' cash compensation should be variable, at risk and tied to the near-term success of the Company. During 2010, we measured near-term success, in part, through the expansion of the Company's asset base and property portfolio, implementation of our near-term capital market strategy through multiple equity offerings and continued development of our internal infrastructure and management platform to pursue future growth and to accommodate the expanded needs of a newly public company. We believe that these developments were (and continue to be) critical to our success generally. Accordingly, we used these metrics to determine annual cash bonuses for our named executive officers and paid cash bonuses based on our success in each of these areas.

We believe that our equity compensation programs further align our executives' interests with those of our stockholders. We grant equity awards as a substantial component of our compensation program to reward long-term performance and further align the interests of management with those of our stockholders. To date, we have used restricted stock as our equity incentive vehicle because restricted stock enables our executives to establish a meaningful equity stake in the Company upon grant (subject to vesting) while allowing the executives to participate in future value creation through appreciation of the shares. These awards tie our executives' interests to those of long-term stockholders and serve to motivate our executives to lead the

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Company to achieve long-term financial goals that are expected to lead to increased stockholder value.

In addition to linking compensation value to stockholder value, restricted stock awards generally require continued service over a multi-year period (typically three years) as a condition to vesting, which creates a strong retention incentive and helps ensure the continuity of our operations.

We are committed to strong governance standards with respect to our compensation programs. As part of its commitment to strong corporate governance and best practices, the Compensation Committee engaged and received advice on the compensation program from an third-party compensation consultant in order to supplement the committee's collective knowledge and experience and provide important empirical compensation data. In addition, the Compensation Committee has adopted an insider trading policy.

The Compensation Committee meets as necessary to address compensation matters in a timely manner and consistently reviews our executive compensation program to ensure that it provides competitive pay opportunities to help attract and retain the highly-qualified and dedicated executive talent that is so important to our business. In conducting its compensation program reviews, the Compensation Committee relies not only on its significant collective experience, but also considers data and advice from our compensation consultant. We believe that the severance protections we provide to our named executive officers are within market norms. We further believe that the "double trigger" change-in-control cash severance benefits we provide (which require a qualifying termination of employment in connection with a change in control to receive these benefits) properly incentivize our executives by providing appropriate protections against job loss without creating the potential for "single trigger" cash severance windfalls just for completing a transaction. Moreover, our executives are not entitled to any excise tax gross-ups in connection with change in control payments.

Recommendation

As an advisory vote, this proposal is not binding upon us or our Board. However, the Compensation Committee, which is responsible for the design and administration of our executive compensation practices, values the opinions of our stockholders expressed through your vote on this proposal. The Compensation Committee will consider the outcome of this vote in making future compensation decisions for our named executive officers. Accordingly, the following resolution will be submitted for stockholder approval at the 2011 Annual Meeting of Stockholders: "RESOLVED, that the stockholders of Hudson Pacific Properties, Inc. approve, on an advisory basis, the compensation of Hudson Pacific Properties' named executive officers as described in the Compensation Discussion & Analysis and disclosed in the Summary Compensation Table and related compensation tables and narrative disclosure as set forth in Hudson Pacific Properties' Proxy Statement."

The Board of Directors unanimously recommends that you vote "FOR" approval of the resolution approving, on an advisory basis, the compensation of our named executive officers.

PROPOSAL 4

ADVISORY DETERMINATION OF THE FREQUENCY OF FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION ("FREQUENCY PROPOSAL")

Background

The Dodd-Frank Act also enables our stockholders to indicate how frequently they believe we should seek an advisory vote on the compensation of our named executive officers (referred to below as the "Frequency Proposal"). We are

seeking an advisory, non-binding determination from our stockholders as to the frequency with which our stockholders have an opportunity to provide an advisory approval of the compensation of our named executive officers. Stockholders may vote for a frequency of one, two or three years, or abstain.

Summary

For the reasons described below, we recommend that our stockholders select a frequency of one year, or an annual vote.

We believe that this frequency is appropriate because it will enable our stockholders to vote, on an advisory basis, on the most recent executive compensation information that is presented in our Proxy Statement, leading to a more meaningful and coherent communication between Hudson Pacific Properties and our stockholders on the compensation of our named executive officers. An annual advisory vote on executive compensation is consistent with our policy of seeking input from, and engaging in discussions with, our stockholders on corporate governance matters and our executive compensation philosophy, policies and practices. Additionally, the Board's determination was further based on the premise that this recommendation could be modified in future years if it becomes apparent that an annual frequency vote is not meaningful, is burdensome or is more

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frequent than dictated by best corporate governance practices.

Recommendation

Based on the factors discussed, the Board recommends that future votes on executive compensation occur every year until the next advisory Frequency Proposal. Stockholders are not being asked to approve or disapprove the Board's recommendation, but rather to indicate their choice among the following frequency options: every year, every two years or every three years, or to abstain from voting.

The Board of Directors unanimously recommends that you vote for a frequency of "ONE YEAR" for future advisory votes on executive compensation.

OTHER MATTERS

We are not aware of any other matters that may properly be presented at the Annual Meeting. If any other matters are properly raised at the Annual Meeting or at any adjournment or postponement thereof the proxy holders will vote on such matters in their discretion.

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EXECUTIVE OFFICERS

Hudson Pacific Properties, Inc.'s executive officers are as follows:

Name	Age	Position
Victor J. Coleman*	49	Chief Executive Officer and Chairman of the Board of Directors
Howard S. Stern*	49	President, Secretary and Director
Mark T. Lammas*	44	Chief Financial Officer
Christopher Barton*	46	Executive Vice President, Operations and Development
Dale Shimoda*	43	Executive Vice President, Finance
Kay L. Tidwell	33	Executive Vice President, Legal Affairs
Harout Diramerian	36	Chief Accounting Officer
Alexander Vouvalides	32	Vice President, Asset Management

* Denotes our named executive officers.

The following section sets forth certain background information regarding those persons currently serving as executive officers of Hudson Pacific Properties, Inc., excluding Victor J. Coleman and Howard S. Stern, who are described on page 4 under "Proposal No. 1—Nominees for Election to the Board":

Mark T. Lammas has served as Chief Financial Officer since our IPO. Prior to the formation of our Company, Mr. Lammas was a consultant to our predecessor, Hudson Capital, LLC, from September 2009. Before that time, Mr. Lammas was a Senior Vice President (from 1998 to 2005), then Executive Vice President (from 2006 to 2009) of Maguire Properties, Inc. where he principally oversaw finance and other transactional matters, since first joining that company as its General Counsel in 1998, then assuming other senior executive responsibilities after Maguire Properties went public on the NYSE in 2003. During his tenure, Mr. Lammas directed that company's major capital market transactions, including corporate and asset financings and common and preferred equity offerings, acted as its principal liaison with institutional partners, and was responsible for compliance with corporate financial covenants and the accuracy of all financial reports and public disclosures. Prior to joining Maguire Properties in 1998, Mr. Lammas was an attorney with Cox, Castle & Nicholson LLP, where he specialized in representing developers, institutional investors and pension funds in their acquisition, development, financing, investing, and entity structuring and restructuring activities. Mr. Lammas is a graduate of the Boalt Hall School of Law (University of California, Berkeley). He obtained his Bachelor of Arts degree from the University of California, Berkeley in Political Economies of Industrial Societies, graduating magna cum laude and Phi Beta Kappa.

Christopher Barton has served as Executive Vice President, Operations and Development since our IPO. Prior to the formation of our Company, Mr. Barton served as Vice President of Construction & Development of our predecessor, Hudson Capital, LLC, where he was responsible for operations and development, including establishing and monitoring property budgets, managing property staff and administering vendor contracts. He also managed the development and construction of the Technicolor Building and renovation activity at the Sunset Gower and Sunset Bronson properties. With 20 years of experience in development and construction, encompassing mixed use, office, industrial, and residential projects, Mr. Barton has developed over 2.5 million square feet of commercial property, from conceptual site plan analysis and entitlements through completion. Prior to joining Hudson Capital, LLC in November 2006, Mr. Barton served as First Vice President for Arden Realty, Inc., from January 1997, where he was responsible for conceptual development, land entitlements, financial analysis and construction management for all real estate developments, including the Howard Hughes Center project, a planned 2.7 million square foot mixed-use development in Los Angeles, California. Before his tenure at Arden Realty, Inc., Mr. Barton was Project Manager at Beers-Skanska Construction Company where he managed large scale construction projects in the southeast United States, including the Celebration Place office building complex for Walt Disney Company in Orlando, Florida. He

currently serves on the Board of Directors of Hollywood Freeway Central Park. Mr. Barton holds a Bachelor of Science degree from Purdue University and Master of Business Administration degree in both Real Estate and Finance from the University of Georgia.

Dale Shimoda has served as Executive Vice President, Finance since our IPO. Prior to the formation of our Company, Mr. Shimoda was a consultant to our predecessor, Hudson Capital, LLC, on various financial and operational matters, primarily related to its media and entertainment properties at Sunset Gower and Sunset Bronson. Prior to his engagement with Hudson Capital, LLC, Mr. Shimoda was Vice President of Acquisitions at Arden Realty, Inc., where he underwrote and performed due diligence on most of that company's acquisitions. Mr. Shimoda has also worked in capital transactions at the Yarmouth Group, a New York-based pension fund advisor owned by Lend Lease, and as a management consultant at Ernst & Young and Robert Charles Lesser & Co. Mr. Shimoda is a graduate of the University of California, Berkeley, Haas School of Business.

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Kay L. Tidwell joined our Company in November of 2010 and serves as Executive Vice President, Legal Affairs. Prior to joining us, Ms. Tidwell was an attorney with the global law firm of Latham & Watkins LLP, where she began her legal career in 2002, and where she advised on a wide variety of corporate and securities matters, including our IPO. From 2006 to 2008, Ms. Tidwell served as the U.S. associate in the German offices of Latham & Watkins. In 2004, Ms. Tidwell was awarded the Robert Bosch Foundation Fellowship, through which she worked in Germany in the legal department of Deutsche Bank and served as a US legal advisor to the German Federal Ministry of Justice. Ms. Tidwell holds a Bachelor of Arts degree in English, magna cum laude, from Yale College and a Juris Doctor degree from Yale Law School.

Harout Diramerian joined our Company in July of 2010 and serves as Chief Accounting Officer. Prior to joining us, Mr. Diramerian was Vice President of Finance and Analysis at Thomas Properties Group, Inc., or TPG, where he was responsible for corporate level earnings and cash flow projections, net asset valuations, and corporate finance forecasting and analysis. Mr. Diramerian was instrumentally involved in all equity offerings at TPG, including its initial public offering, secondary offering, private placements and an at-the-market equity offering. When he started at TPG in 2003, his primary focus was managing the joint venture relationships and leading the related financial reporting efforts. In addition, Mr. Diramerian was also involved with leading the budgeting and forecasting processes as well as tracking and analyzing property performance. Prior to joining TPG, Mr. Diramerian spent a total of eight years in real estate practice groups, first at Nanas, Stern, Biers, Neinstein and Co. LLP, then at Arthur Andersen LLP, and lastly at KPMG LLP, where he was a manager. Mr. Diramerian is a graduate of the University of California, Santa Barbara, and holds a Bachelor of Arts degree in business economics with an emphasis in accounting.

In March 2010, Mr. Diramerian filed for protection under Chapter 7, Title 11 of the United States Code, following his father's diagnosis and untimely passing after a battle with leukemia. His father was in the process of constructing a condominium project, as to which Mr. Diramerian had provided a construction loan guarantee. Following the death of Mr. Diramerian's father prior to the completion of construction, the construction lender placed the property into receivership. The construction lender's subsequent enforcement of Mr. Diramerian's guarantee, along with associated claims of fraud and misrepresentation in connection with the loan application process, ultimately precipitated Mr. Diramerian's decision to seek bankruptcy protection. He has informed us that he is strenuously rejecting all claims of fraud or misrepresentation and that he expects a favorable resolution of this matter.

Alexander Vouvalides has served as Vice President, Asset Management since our IPO. Prior to the formation of our Company, Alexander Vouvalides joined our predecessor, Hudson Capital, LLC, in 2009 as an Associate focused on acquisitions and investments, primarily responsible for acquisition analyses, financial due diligence and asset management assignments. Before joining Hudson Capital, LLC, he was an Associate in the Real Estate Finance & Securitization Group at Credit Suisse working in both the firm's New York and Los Angeles offices, where he underwrote and closed major acquisition and recapitalization loans across various asset types including office, hotel, retail, land and construction. Prior to that, Mr. Vouvalides worked as a Corporate Finance Analyst in the Technology, Media & Telecommunications group at JPMorgan Chase & Co. in New York. Mr. Vouvalides graduated from Emory University with a Bachelor of Arts degree in Political Science.

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COMPENSATION DISCUSSION AND ANALYSIS

COMPENSATION COMMITTEE REPORT

The information contained in this Report of the Compensation Committee shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended (the “Securities Act”) or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing (except to the extent that we specifically incorporate this information by reference) and shall not otherwise be deemed “soliciting material” or “filed” with the SEC or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Exchange Act (except to the extent that we specifically incorporate this information by reference).

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis and, based on such review and discussions, recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company’s Annual Report on Form 10-K and this Proxy Statement.

COMPENSATION COMMITTEE

Jonathan Glaser
Mark D. Linehan
Barry A. Porter

EXECUTIVE COMPENSATION

This section discusses the principles underlying the material components of our executive compensation program for our executive officers who are named in the “Summary Compensation Table” below and the factors relevant to an analysis of these policies and decisions. Our “named executive officers” during 2010 were Victor J. Coleman, Chief Executive Officer; Howard S. Stern, President; Mark T. Lammis, Chief Financial Officer; Christopher Barton, Executive Vice President, Operations and Development; and Dale Shimoda, Executive Vice President, Finance.

Our executive compensation strategy focuses on providing a total compensation package intended to attract and retain high-caliber executive officers and employees, and also to incentivize employee contributions that are consistent with our corporate objectives and stockholder interests. It is our policy to provide a competitive total compensation package and share our success with our named executive officers, as well as our other employees, when our objectives are met.

Each of the key elements of our executive compensation program is discussed in more detail below. Our compensation programs are designed to be flexible and complementary and to collectively serve the principles and objectives of our executive compensation and benefits program. We have not adopted any formal or informal policies or guidelines for allocating compensation between long-term and short-term compensation, between cash and non-cash compensation or among different forms of cash and non-cash compensation.

Executive Compensation Philosophy and Objectives

Objectives of Our Compensation Program

Our compensation committee has adopted an executive compensation philosophy designed to accomplish the following objectives:

- To attract, retain and motivate a high-quality executive management team capable of creating longterm stockholder value;

- To provide compensation opportunities that are competitive with the prevailing market, are rooted in a pay-for-performance philosophy, and create a strong alignment of management and stockholder interests; and

- To achieve an appropriate balance between risk and reward in our compensation programs that does not incentivize unnecessary or excessive risk taking.

In order to achieve these objectives, a comprehensive and market-based compensation program is provided to the executive officers that includes both fixed and discretionary amounts, the components of which are described in more detail below under “Elements of Executive Officer Compensation.” A substantial portion of each named executive officer’s compensation has been provided in the form of equity compensation subject to multi-year vesting provisions designed to ensure that management maintains a long-term focus that serves the best interests of our company.

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How We Determine Executive Compensation

Our compensation committee determines compensation for our named executive officers and is comprised of three independent directors, Jonathan Glaser (Chairman), Mark Linehan and Barry Porter. Our Compensation Committee exercises independent discretion with respect to executive compensation matters and administers our equity incentive programs, including reviewing and approving equity grants to our named executive officers pursuant to our Hudson Pacific Properties, Inc. and Hudson Pacific Properties, L.P. 2010 Incentive Award Plan, which we refer to as the 2010 Plan. Our Compensation Committee operates under a written charter adopted by our Board of Directors, a copy of which is available on our Web site at www.hudsonpacificproperties.com. Information contained on our Web site is not incorporated by reference into this Proxy Statement and you should not consider information contained on our Web site to be part of this Proxy Statement.

The initial compensation arrangements with our named executive officers were determined in negotiations with each individual executive prior to our IPO. Since the completion of our IPO in 2010, our Compensation Committee has worked with our compensation consultant, as described in greater detail below in “—Engagement of Compensation Consultant”, to implement compensation policies based on the following factors: (i) our desire to align the interests of our named executive officers with those of our stockholders and incentivize them over the near, medium and long term, (ii) our need to reward our named executive officers for exceptional performance and (iii) our need to retain our named executive officers’ services over the long term. In addition, our Compensation Committee continues to consider additional factors that may be appropriate for inclusion in our long-term compensation philosophy.

In making compensation decisions following our IPO, our Compensation Committee evaluated our performance and the performance of the Chief Executive Officer and, together with the Chief Executive Officer, assessed the individual performance of the other named executive officers. The Compensation Committee also reviewed market-based compensation data provided by its compensation consultant, as described in greater detail below in “—Engagement of Compensation Consultant.” The other named executive officers do not play a role in determining their own compensation, other than discussing their performance with our Chief Executive Officer. During 2010, the Compensation Committee held meetings both independently and with the participation of our Chief Executive Officer. The Compensation Committee’s compensation consultant also participated in select meetings, at the committee’s request.

Engagement of Compensation Consultant

The Compensation Committee is authorized to retain the services of one or more executive compensation advisors, in its discretion, to assist with the establishment and review of our compensation programs and related policies. In connection with the preparation of our IPO in 2010, FTI Schonbraun McCann Group, or SMG, a compensation consulting firm, was engaged to provide advice regarding an executive compensation program for our senior executive management team to be implemented upon completion of the IPO.

Following our IPO, the Compensation Committee engaged SMG to provide market-based compensation data and to advise on industry trends and best practices. In connection with these efforts, SMG prepared for the Compensation Committee two peer group compensation analyses: (i) a Performance-Based Peer Group analysis and (ii) a Size-Based Peer Group analysis. The Performance-Based Peer Group was comprised of other publicly-traded real estate investment trusts generally with an investment focus on office properties and/or a geographic concentration on the West Coast, and included the following 16 companies:

Alexandria Real Estate Equities, Inc., BioMed Realty Trust, Inc., Corporate Office Properties Trust, Digital Realty Trust, Inc., Douglas Emmett, Inc., Entertainment Properties Trust, Highwoods Properties, Inc., Kilroy Realty Corporation, Lexington Realty Trust, Mack-Cali Realty Corporation, Parkway Properties, Inc., Piedmont Office Realty Trust, Inc., PS Business Parks, Inc., Realty Income Corporation and Washington Real Estate Investment Trust.

Additionally, in order to be more exhaustive and evaluate a broader scope of information, and in recognition of our size relative to several of the companies included in the Performance-Based Peer Group, the Compensation Committee requested that SMG prepare a Size-Based Peer Group comprised of other publiclytraded real estate investment trusts across various asset sectors with a total equity market capitalization level below \$1 billion (similar to the company). The Size-Based Peer Group was comprised of the following 28 companies: Acadia Realty Trust, Anworth Mortgage Corporation, Arlington Asset Investment Corp., Ashford Hospitality Trust, Inc., Associated Estates Realty Corporation, Cedar Shopping Centers, Inc., Cousins Properties Incorporated, FelCor Lodging Trust Incorporated, First Industrial Realty Trust, Inc., First Potomac Realty Trust, Glimcher Realty Trust, Gramercy Capital Corp., Hersha Hospitality Trust, iStar Financial Inc., Lexington Realty Trust, LTC Properties, Inc., Morgans Hotel Group Company, MPG Office Trust, Inc., National HealthCare Corporation, NorthStar Realty Finance

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Corp., Pebblebrook Hotel Trust, Pennsylvania Real Estate Investment Trust, Retail Opportunity Investments Corp., Strategic Hotels & Resorts, Sun Communities, Inc., Sunstone Hotel Investors, Inc., Urstadt Biddle Properties Inc. and U-Store-It Trust.

The compensation analysis for each peer group provided an overview of typical compensation components (e.g., base salaries, annual bonuses and long-term equity incentives), as well as the range of compensation levels by position, in each case, generally found within the relevant peer group. The peer group compensation analyses prepared by SMG were utilized by the Compensation Committee for informational purposes only and were not utilized for benchmarking purposes.

Other than advising the Compensation Committee as described above, SMG did not provide any material services to our company in 2010. However, during 2010, EdgeRock Realty Advisors, or EdgeRock, a company in which SMG holds a substantial minority equity stake, was retained by us to provide services unrelated to executive compensation, including real estate and financial advisory services in connection with our IPO and subsequent activities. EdgeRock was engaged to provide real estate and financial advisory services directly by our management team. The Compensation Committee did not, apart from its members' participation in the general Board of Directors approval, review or approve the services provided by EdgeRock to our company, as those services did not relate to compensation matters. Furthermore, our management team neither made the decision, nor recommended that the Compensation Committee decide, to engage SMG. The compensation committee has sole authority to hire, fire and set the terms of engagement with SMG. The Compensation Committee believes that the compensation consulting advice it received from SMG relating to executive compensation matters was objective and not influenced by EdgeRock's relationship with our company or the services provided by EdgeRock to the company. The aggregate fees paid for SMG's services in 2010 totaled approximately \$87,000 and the aggregate fees paid to EdgeRock for those other services in 2010 totaled approximately \$1.2 million.

Measuring 2010 Performance

With the assistance of SMG, the Compensation Committee performed a comprehensive review of corporate and individual performance for 2010 as part of its determination of year-end 2010 performance-based compensation, including cash bonuses and annual grants of equity awards. The Compensation Committee's review did not include an assessment of any pre-determined metrics or hurdles (as no such metrics or hurdles were applicable), but instead was based on an evaluation of company and individual performance in relation to select market and operational criteria the Compensation Committee felt were most appropriate given our recent transition into the public arena and growth stage. Such criteria included success achieved in relation to acquisitions and capital deployment, capital markets strategy, organizational development, and stockholder value creation, among others. Individual performance metrics are discussed in more detail below in the sections entitled "Elements of Executive Officer Compensation—Cash Bonuses" and "—Long-Term Equity Incentives." Examples of key company performance achievements attained in 2010 that the Compensation Committee took into account when setting 2010 compensation include the following:

Expansion of our asset base and property portfolio through the successful sourcing and acquisition of approximately 2.4 million square feet of office property in key California markets, including the Los Angeles and San Francisco metropolitan areas;

• Successful execution of capital markets strategy that included the completion of an \$87.5 million preferred stock offering in December 2010;

• Continued development of an internal infrastructure and management platform that would best position us to pursue and support future growth; and

•

Development and implementation of internal infrastructure, control systems and procedures to accommodate the requirements of becoming a public company, including the satisfaction of public company reporting requirements under applicable SEC regulations and NYSE listing standards.

Compensation Philosophy

We design the principal components of our executive compensation program to achieve one or more of the principles and objectives described above. We view each component of our executive compensation program as related but distinct, and we will continue to regularly reassess the total compensation of our executive officers to ensure that our overall compensation objectives are met. Compensation of our named executive officers consists of the following elements:

- base salary;
- discretionary performance-based bonuses;
- equity incentive compensation;
- certain severance and change in control benefits; and
- health and welfare benefits and certain limited perquisites and other personal benefits.

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During 2010, our named executive officers were eligible to earn cash compensation in the form of base salaries and discretionary annual bonuses that we believe appropriately recognize ongoing performance of job responsibilities and reward our executive officers for their individual contributions to our company. When making bonus decisions, the Compensation Committee considered our financial and operational performance (as described above) as well as each executive officer's individual contributions during the year. Grants of restricted shares of our common stock comprised another key component of our executive compensation program during 2010. We believe that these equity awards incentivize our executive officers to focus on the growth of our overall enterprise value and, correspondingly, the creation of value for our stockholders, while also providing a valuable retention tool by virtue of applicable vesting requirements.

Each of the primary elements of our 2010 executive compensation program is discussed in more detail below. While we have identified particular compensation objectives that each element of executive compensation serves, our compensation programs are designed to be flexible and complementary and to collectively serve all of the executive compensation principles and objectives described above. Accordingly, whether or not specifically mentioned below, we believe that, as a part of our overall executive compensation policy, each individual element, to a greater or lesser extent, serves each of our compensation objectives. In addition, the compensation levels of our named executive officers reflect to a significant degree the varying roles and responsibilities of such executives. As a result of our board's assessment of our Chief Executive Officer's substantial roles and responsibilities within our company, there is a significant compensation differential between his compensation levels and those of our other named executive officers.

Elements of Executive Officer Compensation

The following is a discussion of the primary elements of 2010 compensation for each of our named executive officers.

Base Salaries

Each named executive officer's compensation was initially established based on negotiations in connection with our IPO in 2010. We believe that these salary levels provide appropriate levels of fixed income based on the background, qualifications and skill set of each executive. Base salaries of our named executive officers initially were approved by our Board and, going forward, periodically will be reviewed by our Compensation Committee. No formulaic base salary increases are provided to our named executive officers; however our Compensation Committee may adjust base salaries in connection with its periodic review. The actual base salaries paid to all of our named executive officers during 2010 are set forth in the "Summary Compensation Table" below. No changes to base salary levels have been made for 2011.

Cash Bonuses

Our named executive officers are eligible to earn discretionary annual cash bonuses based on our company's and each executive officer's individual performance in relation to select performance criteria, as determined by our Compensation Committee. Eligibility to receive these cash bonuses incentivizes our named executive officers to strive to perform at their highest levels and further our interests and the interests of our stockholders. The amounts of any discretionary cash bonuses are determined each year by our Compensation Committee after taking into account individual and company-wide performance.

The Compensation Committee conducted a comprehensive evaluation of corporate and individual performance in 2010 for purposes of determining discretionary cash bonuses. The company performance criteria that were considered in this analysis are described in detail above under the section entitled “Executive Compensation Philosophy and Objectives—Measuring 2010 Performance.” The Chief Executive Officer conducted a subjective assessment of each other named executive officer’s individual performance, which reflected each executive’s contribution to the achievement of the company performance criteria described above. The Compensation Committee similarly conducted a subjective assessment of Mr. Coleman’s individual performance and contribution towards the achievement of company performance criteria. Based upon the Compensation Committee’s performance evaluation, its general review of market compensation data as provided by SMG and the relative roles and responsibility for our named executive officers, the Compensation Committee approved cash performance bonuses for the named executive officers for 2010 at the following levels:

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Executive	2010 Bonus
Victor J. Coleman	\$ 500,000
Howard S. Stern	\$ 400,000
Mark T. Lammas	\$ 225,000
Christopher Barton	\$ 225,000
Dale Shimoda	\$ 225,000

These discretionary bonuses were not determined based on the attainment of any particular individual or company-level performance goal(s) or the application of any benchmarking or formula(e). Instead, the Compensation Committee considered all of the factors described in the preceding paragraph as applied to each named executive officer (including, in the case of company-level metrics, such named executive officer's contribution to the attainment of those metrics), and made a subjective determination as to the appropriate bonus level based on that information, considered in light of the Compensation Committee's collective experience regarding appropriate compensation and bonus levels.

Long-Term Equity Incentives

The goals of our long-term, equity-based awards are to incentivize and reward increases in long-term stockholder value and to align the interests of our named executive officers with the interests of our stockholders. Because vesting is based on continued employment, our equity-based incentives also encourage the retention of our named executive officers through the award vesting period. In determining the size of the long-term equity incentives awarded to our executive officers for 2010 service, we considered, among other things, the role and responsibilities of the individual, competitive factors and individual performance history. We granted restricted shares of our common stock to certain of our employees, including our named executive officers, as the primary incentive vehicle for long-term compensation. These awards were intended to enable our executive officers to establish a meaningful equity stake in our company that would vest over a period of years based on continued service. We believe that these awards enable us to deliver competitive compensation value to the executive officers at levels sufficient to attract and retain top talent within our executive officer ranks. In connection with the completion of our IPO in June 2010, Messrs. Coleman, Stern, Lammas, Barton and Shimoda were granted restricted stock awards of 117,647 shares, 53,529 shares, 17,647 shares, 17,647 shares and 17,647 shares, respectively, under the 2010 Plan. These restricted stock awards will vest in three equal, annual installments on each of the first three anniversaries of the grant date, subject to the executive's continued employment (and further subject to accelerated vesting upon a change in control or certain terminations as described below in the section entitled "—Potential Payments Upon Termination or Change in Control"). These awards, which represented "founder share awards," were one-time grants made in connection with the completion of the IPO that were designed to recognize and reward the efforts of our named executive officers in leading our company through its IPO and to provide these officers with a meaningful initial ownership stake in our company. The size and vesting terms of these awards were determined by our Compensation Committee's assessment of appropriate levels of initial ownership and incentive compensation based on its review of market data provided by SMG and its collective experience in setting compensation levels, without reliance on any formal benchmarking process.

As part of its review of 2010 performance, in determining whether to make annual grants of equity awards to our named executive officers in respect of services provided during 2010 (eligibility for which is contemplated under these officers' employment agreements), the Compensation Committee analyzed prevailing market practices based on market data provided by SMG with respect to the Performance-Based Peer Group and Size-Based Peer Group, as well as company and individual performance. This analysis considered the same performance and market factors as those considered in determining the named executive officers' discretionary cash bonuses for 2010, as described in more

detail above in the sections entitled “Executive Compensation Philosophy and Objectives—Measuring 2010 Performance” and “—Cash Bonuses.” As with the discretionary cash bonuses, annual equity awards were not determined based on the attainment of any particular individual or company-level performance goal(s) or the application of any benchmarking or formula(e). Instead, the Compensation Committee considered all of the relevant factors as applied to each named executive officer (including, in the case of company-level metrics, such named executive officer’s contribution to the attainment of those metrics), and made a subjective determination as to the appropriate equity grant level based on that information, taking into consideration the Compensation Committee’s collective experience regarding appropriate annual equity grant levels.

Based on this assessment, on December 22, 2010, the Compensation Committee approved grants of restricted stock to Messrs. Coleman, Stern, Lamma, Barton and Shimoda of 99,933 shares, 43,304 shares, 23,318 shares, 16,656 shares and 16,656 shares, respectively, pursuant to the 2010 Plan. These restricted stock awards will vest in three equal, annual installments on each of the first three anniversaries of the grant date, subject to the executive’s continued employment (and further subject to accelerated vesting upon a change in control or certain terminations as described below in the section entitled “—Potential

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Payments Upon Termination or Change in Control”).

Employee Benefits

Our full-time employees, including our named executive officers, are eligible to participate in health and welfare benefit plans, which provide medical, dental, prescription, life insurance and other health benefits. We believe that these benefits are a key component of a comprehensive compensation package, providing essential protections to our named executive officers and enhancing the overall desirability and competitiveness of our compensation program. Additionally, we reimburse Mr. Coleman for any premiums paid by him for the continuation of healthcare coverage provided through COBRA.

Additional Compensation Components

In the future, we may provide different and/or additional compensation components, benefits and/or perquisites to our named executive officers to ensure that we provide a balanced and comprehensive compensation structure. We believe that it is important to maintain flexibility to adapt our compensation structure at this time to properly attract, motivate and retain the top executive talent for which we compete. All future practices regarding compensation components, benefits and/or perquisites will be subject to periodic review by our Compensation Committee.

Severance and Change in Control Benefits

As described more fully below in the sections entitled “—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards in 2010 Table” and “—Potential Payments Upon Termination or Change in Control,” we entered into employment agreements with our named executive officers, in connection with the completion of our IPO, that provide for various severance and change in control benefits and other terms and conditions of employment. We believe that the protections contained in these employment agreements will help to ensure the day-to-day stability necessary to our executives to enable them to properly focus their attention on their duties and responsibilities with our company and will provide security with regard to some of the most uncertain events relating to continued employment, thereby limiting concern and uncertainty and promoting productivity. For a description of the material terms of these employment agreements, see “—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards in 2010 Table” and “—Potential Payments Upon Termination or Change in Control” below.

Tax Considerations

Section 162(m) of the Internal Revenue Code

Section 162(m) of the Code (“Section 162(m)”) disallows a tax deduction for any publicly held corporation for individual compensation exceeding \$1.0 million in any taxable year for our chief executive officer and each of the other named executive officers (other than our chief financial officer), unless compensation is performance based. We expect that our Compensation Committee will adhere to the principle that, where reasonably practicable, we will seek to qualify the variable compensation paid to our named executive officers for an exemption from the deductibility limitations of Section 162(m). As such, in approving the amount and form of compensation for our named executive officers in the future, our Compensation Committee will consider all elements of the cost to our company of providing such compensation, including the potential impact of Section 162(m). However, our Compensation Committee may, in its judgment, authorize compensation payments that do not comply with the exemptions in Section 162(m) when it believes that such payments are appropriate to attract and retain executive talent.

Furthermore, we do not expect Section 162(m) to apply to awards under the 2010 Plan until the earliest to occur of our annual stockholders' meeting in 2014, a material modification of the 2010 Plan or exhaustion of the share supply under the 2010 Plan. However, performance criteria may be used with respect to performance awards that are not intended to constitute performance-based compensation for purposes of Section 162(m).

Section 409A of the Internal Revenue Code

Section 409A of the Code ("Section 409A") requires that "nonqualified deferred compensation" be deferred and paid under plans or arrangements that satisfy the requirements of the statute with respect to the timing of deferral elections, timing of payments and certain other matters. Failure to satisfy these requirements can expose employees and other service providers to accelerated income tax liabilities, penalty taxes and interest on their vested compensation under such plans. Accordingly, as a general matter, it is our intention to design and administer our compensation and benefits plans and arrangements for all of our employees and other service providers, including our named executive officers, so that they are either exempt from, or satisfy

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the requirements of, Section 409A.

Section 280G of the Internal Revenue Code

Section 280G of the Code (“Section 280G”) disallows a tax deduction with respect to excess parachute payments to certain executives of companies which undergo a change in control. In addition, Section 4999 of the Internal Revenue Code imposes a 20% penalty on the individual receiving the excess payment.

Parachute payments are compensation that is linked to or triggered by a change in control and may include, but are not limited to, bonus payments, severance payments, certain fringe benefits, and payments and acceleration of vesting from long-term incentive plans including stock options and other equity-based compensation. Excess parachute payments are parachute payments that exceed a threshold determined under Section 280G based on the executive’s prior compensation. In approving the compensation arrangements for our named executive officers in the future, our Compensation Committee will consider all elements of the cost to our company of providing such compensation, including the potential impact of Section 280G. However, our Compensation Committee may, in its judgment, authorize compensation arrangements that could give rise to loss of deductibility under Section 280G and the imposition of excise taxes under Section 4999 when it believes that such arrangements are appropriate to attract and retain executive talent.

Accounting Standards

ASC Topic 718, Compensation—Stock Compensation (referred to as ASC Topic 718 and formerly known as FASB 123R), requires us to calculate the grant date “fair value” of our stock-based awards using a variety of assumptions. ASC Topic 718 also requires us to recognize an expense for the fair value of equity-based compensation awards. Grants of stock options, restricted stock, restricted stock units and performance units under our equity incentive award plans will be accounted for under ASC Topic 718. Our Compensation Committee will regularly consider the accounting implications of significant compensation decisions, especially in connection with decisions that relate to our equity incentive award plans and programs. As accounting standards change, we may revise certain programs to appropriately align the accounting expense of our equity awards with our overall executive compensation philosophy and objectives.

SUMMARY COMPENSATION TABLE

The following table sets forth information concerning the compensation of our named executive officers for the year ended December 31, 2010.

Name and Principal Position	Year	Salary (\$) ⁽¹⁾	Bonus (\$) ⁽²⁾	Stock Awards (\$) ⁽³⁾	All Other Compensation ⁽⁴⁾	Total (\$)
Victor J. Coleman Chief Executive Officer	2010	253,425	500,000	3,499,994	15,167	4,268,586
Howard S. Stern President	2010	202,740	400,000	1,559,993	321	2,163,054
Mark T. Lammas Chief Financial Officer	2010	152,055	225,000	650,003	321	1,027,379
Christopher Barton	2010	152,055	225,000	550,007	321	927,383

Executive Vice President, Operations and Development						
Dale Shimoda	2010	152,055	225,000	550,007	321	927,383
Executive Vice President, Finance						

-
- (1) Amounts shown in the “Salary” column represent each named executive officer’s annual base salary prorated to reflect partial-year service since the completion of our IPO in 2010.
- (2) Amounts represent discretionary bonuses paid to our named executive officers in respect of services provided during 2010.
Amounts reflect the full grant-date fair value of restricted stock awards granted in 2010 computed in accordance with ASC Topic 718, rather than the amounts paid to or realized by the named individual. We provide information
- (3) regarding the assumptions used to calculate the value of all restricted stock awards made to executive officers in Notes 2 and 12 to the consolidated financial statements contained in our Annual Report on Form 10-K. There can be no assurance that awards will vest (in which case no value will be realized by the individual).
- (4) Amounts reflect premium payments for group term life insurance for Messrs. Coleman, Stern, Lammas, Barton and Shimoda and, with

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respect to Mr. Coleman only, the reimbursement of premium payments paid by him for COBRA healthcare coverage.

GRANTS OF PLAN-BASED AWARDS IN 2010

The following table sets forth information regarding grants of plan-based awards made to our named executive officers during the year ended December 31, 2010:

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units (# shares)	Grant Date Fair Value of Stock and Options Awards (\$) ⁽¹⁾
Victor J. Coleman	June 29, 2010	117,647 ⁽²⁾	2,000,000
	December 22, 2010	99,993 ⁽³⁾	1,499,994
Howard S. Stern	June 29, 2010	53,529 ⁽²⁾	910,000
	December 22, 2010	43,304 ⁽³⁾	649,993
Mark T. Lammas	June 29, 2010	17,647 ⁽²⁾	300,000
	December 22, 2010	23,318 ⁽³⁾	350,003
Christopher Barton	June 29, 2010	17,647 ⁽²⁾	300,000
	December 22, 2010	16,656 ⁽³⁾	250,007
Dale Shimoda	June 29, 2010	17,647 ⁽²⁾	300,000
	December 22, 2010	16,656 ⁽³⁾	250,007

Amounts reflect the full grant date fair value of restricted stock granted during 2010 computed in accordance with ASC Topic 718, rather than the amounts paid to or realized by the named individual. We provide information (1) regarding the assumptions used to calculate the value of all restricted stock awards made to executive officers in Notes 2 and 12 to the consolidated financial statements contained in our Annual Report file on Form 10-K. There can be no assurance that awards will vest (in which case no value will be realized by the individual).

On June 29, 2010, in connection with the completion of our initial public offering, our Board approved these restricted stock awards to each named executive officer, each of which will vest in three equal, annual installments (2) on each of the first three anniversaries of the grant date, subject to continued service with us through the applicable vesting dates (and further subject to accelerated vesting upon a change in control or certain terminations as described below in the section entitled “—Potential Payments Upon Termination or Change in Control”).

On December 22, 2010, the Compensation Committee approved these restricted stock awards to each named executive officer, each of which will vest, and the restrictions thereon will lapse, in three equal, annual installments (3) on each of December 29, 2011, December 29, 2012 and December 29, 2013, subject to continued service with us through the applicable vesting dates (and further subject to accelerated vesting upon a change in control or certain terminations as described below in the section entitled “—Potential Payments Upon Termination or Change in Control”).

NARRATIVE DISCLOSURE TO SUMMARY COMPENSATION TABLE AND GRANTS OF PLAN-BASED AWARDS IN 2010 TABLE

We entered into employment agreements with each of our named executive officers, effective as of the date of the completion of our IPO on June 29, 2010. The following is a summary of the material terms of the agreements.

Under the employment agreements, Messrs. Coleman, Stern, Lammas, Barton and Shimoda serve as the company's Chief Executive Officer, President, Chief Financial Officer, Executive Vice President—Operations and Development and Executive Vice President—Finance, respectively. Messrs. Coleman and Stern report directly to our Board, while the other executives report to our Chief Executive Officer. The initial term of the employment agreements will end on June 29, 2013. On that date, the term of the employment agreements will automatically be extended for one year, unless earlier terminated. In the event that we experience a "change in control" (as defined in the 2010 Plan) during the one-year extension period, the term of the employment agreements will instead continue through the first anniversary of the consummation of the change in control. Pursuant to Messrs. Coleman and Stern's employment agreements, during the terms of their employment, we will nominate each for election as a director.

Under the employment agreements, Messrs. Coleman, Stern, Lammas, Barton and Shimoda are entitled to receive annual base salaries of \$500,000, \$400,000, \$300,000, \$300,000 and \$300,000, respectively, each of which are subject to increase at the discretion of our compensation committee. In addition, each executive is eligible to receive an annual discretionary cash

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performance bonus, the amount of which will be determined based on the attainment of performance criteria established by our compensation committee. In connection with entering into the employment agreements, Messrs. Coleman, Stern, Lammas, Barton and Shimoda were each granted an award of restricted shares of our common stock, with respect to 117,647 shares, 53,529 shares, 17,647 shares, 17,647 shares and 17,647 shares, respectively. These restricted stock awards will vest in three equal, annual installments on each of the first three anniversaries of June 29, 2010, the date of our IPO, subject to the executive's continued employment through the applicable vesting date (and further subject to accelerated vesting upon a change in control or certain terminations as described below in the section entitled "—Potential Payments Upon Termination or Change in Control"). In addition, the executives are eligible to participate in customary health, welfare and fringe benefit plans, and are eligible to accrue up to four weeks of paid vacation per year.

If an executive's employment is terminated by us without "cause" or by the executive for "good reason" (each, as defined in the employment agreements), because we elect not to renew the initial term of the employment agreement or by reason of the executive's death or disability, the executive will be entitled to certain payments and benefits, as described under "—Potential Payments Upon Termination or Change in Control" below. The employment agreements also contain customary confidentiality and non-solicitation provisions.

OUTSTANDING EQUITY AWARDS AT 2010 FISCAL YEAR-END

The following table summarizes the number of shares of common stock underlying outstanding equity incentive plan awards for each named executive officer as of December 31, 2010:

Name	Stock Awards	
	Number of Shares of Stock That Have Not Vested	Market Value of Shares of Stock That Have Not Vested (\$) ⁽¹⁾
Victor J. Coleman	117,647 ⁽²⁾	1,770,587
	99,993 ⁽³⁾	1,503,992
Howard S. Stern	53,529 ⁽²⁾	805,611
	43,304 ⁽³⁾	651,725
Mark T. Lammas	17,647 ⁽²⁾	265,587
	23,318 ⁽³⁾	350,936
Christopher Barton	17,647 ⁽²⁾	265,587
	16,656 ⁽³⁾	250,673
Dale Shimoda	17,647 ⁽²⁾	265,587
	16,656 ⁽³⁾	250,673

The market value of shares of restricted stock that have not vested is calculated by multiplying the fair market (1) value of a share of our common stock on December 31, 2010 (\$15.05) by the number of unvested shares of restricted stock outstanding under the award.

(2) Consists of restricted stock granted on June 29, 2010, which will vest in three substantially equal installments on each of June 29, 2011, 2012 and 2013, subject to continued service with us through the applicable vesting dates.

(3) Consists of restricted stock granted on December 22, 2010, which will vest in three substantially equal installments on each of December 29, 2011, 2012 and 2013, respectively, subject to continued service with us through the applicable vesting dates.

2010 OPTION EXERCISES AND STOCK VESTED

The Company has not granted any stock option awards to its named executive officers. Additionally, no stock awards previously issued to the named executive officers vested in 2010.

Potential Payments Upon Termination or Change in Control

Termination Without Cause or for Good Reason; Non-Renewal

Under the executives' employment agreements, if an executive's employment is terminated by us without "cause" or by the executive for "good reason" (each, as defined in the employment agreements) then, in addition to accrued amounts and any earned but unpaid bonuses, the executive will be entitled to receive the following:

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A lump-sum payment in an amount equal to two (or, with respect to Messrs. Coleman and Stern, three) times the sum of (i) the executive's annual base salary then in effect, (ii) the highest annual bonus earned by the executive during the employment term (or, in the event of a termination prior to the end of the completion of our first full fiscal year, an amount as determined by our compensation committee in its sole discretion, but in no event less than the executive's base salary in effect on the termination date) and (iii) the highest value of any annual equity award(s) made to the executive during the employment term (not including the initial grant of restricted stock described above or any award(s) granted pursuant to a multi-year or long-term performance program, initial hiring or retention award or similar non-reoccurring award);

accelerated vesting of all outstanding equity awards held by the executive as of the termination date; and
company-subsidized continuation healthcare coverage for up to 18 months after the termination date.

In the event that an executive's employment is terminated because we elect not to renew the initial term of the employment agreement, then the executive will be entitled to receive the same payments and benefits described above for a termination without cause or for good reason, except that the amount of the cash severance will be multiplied by one rather than two (or, with respect to Messrs. Coleman and Stern, two rather than three). However, if such a non-renewal termination occurs upon or within 12 months after a change in control of our Company, the executive will be entitled to receive the same payments and benefits described above for a termination without cause or for good reason (without reduction of the cash severance multiplier). The executive's right to receive the severance payments and benefits described above is, in all cases, subject to his delivery of an effective general release of claims in favor of our Company.

Death or Disability of Executive

Upon a termination of employment by reason of death or disability, the executive or his/her estate will be entitled to accelerated vesting of all outstanding equity awards held by the executive as of the termination date, in addition to accrued amounts and earned but unpaid bonuses.

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Change in Control

Under the employment agreements, if an executive remains employed through a change in control of our Company, the executive's initial restricted stock award (granted on June 29, 2010) will vest in full to the extent then unvested.

The following table summarizes the payments that would be made to our named executive officers upon the occurrence of certain qualifying terminations of employment or change in control, in any case, occurring on December 31, 2010. Amounts shown do not include (i) accrued but unpaid base salary through the date of termination, and (ii) other benefits earned or accrued by the named executive officer during his employment that are available to all salaried employees, such as accrued vacation.

Executive	Benefit	Company Non-Renewal(\$) ⁽¹⁾	Death or Disability(\$)	Change in Control(\$) ⁽⁶⁾	Company Non-Renewal or Termination without Cause or for Good Reason at any time (\$) ⁽⁷⁾
Victor J. Coleman	Cash Severance ⁽²⁾	4,999,989	—	—	7,499,983
	Continued Health Benefits ⁽³⁾	45,503	—	—	45,503

Amounts represent the cumulative grant date fair value of each equity award granted during fiscal 2009 for each Named Executive Officer.

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Table of Contents**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

The following table sets forth the outstanding equity awards held by each Named Executive Officer as of November 30, 2009.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(6)
Alan D. Wilson	0	301,100(1)	29.89	3/24/2019		
	25,451	76,349(3)	37.59	4/01/2018	11,306(2)	403,398
	26,450	26,450(4)	38.28	3/27/2017		
	28,800	9,600(5)	32.83	2/27/2016		
	55,100	0	38.35	1/24/2015		
	87,420	0	30.60	1/26/2014		
Gordon M. Stetz, Jr.	0	63,500(1)	29.89	3/24/2019	2,807(2)	100,154
	6,325	18,975(3)	37.59	4/01/2018		
	3,702	3,698(4)	38.28	3/27/2017		
	6,451	2,149(5)	32.83	2/27/2016		
	16,400	0	38.35	1/24/2015		
	28,000	0	30.60	1/26/2014		
	14,000	0	22.26	1/27/2013		
	1,460	0	21.375	1/21/2012		
Mark T. Timbie	0	83,900(1)	29.89	3/24/2019	3,704(2)	132,159
	8,325	24,975(3)	37.59	4/01/2018		
	16,450	16,450(4)	38.28	3/27/2017		
	21,826	7,274(5)	32.83	2/27/2016		
	55,100	0	38.35	1/24/2015		
	87,420	0	30.60	1/26/2014		
	40,000	0	22.26	1/27/2013		
Lawrence E. Kurzius	0	83,900(1)	29.89	3/24/2019	3,179(2)	113,427
	6,325	18,975(3)	37.59	4/01/2018		
	12,450	12,450(4)	38.28	3/27/2017		
	21,826	7,274(5)	32.83	2/27/2016		
	23,400	0	38.35	1/24/2015		
	40,000	0	30.60	1/26/2014		
	40,000	0	27.06	6/02/2013		
Charles T. Langmead	0	63,500(1)	29.89	3/24/2019	2,807(2)	100,154
	6,325	18,975(3)	37.59	4/01/2018		
	12,450	12,450(4)	38.28	3/27/2017		
	21,826	7,274(5)	32.83	2/27/2016		
	23,400	0	38.35	1/24/2015		
	40,000	0	30.60	1/26/2014		

(1) The remaining unvested stock options will vest in equal increments on March 25 of each of 2010, 2011, 2012 and 2013.

(2) The remaining unvested RSUs will vest on March 15, 2010.

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- (3) The remaining unvested stock options will vest in equal increments on April 2 of 2010, 2011 and 2012.
- (4) The remaining unvested stock options will vest in equal increments on March 28 of 2010 and 2011.
- (5) The remaining unvested stock options will vest on February 28 of 2010.
- (6) Market value is calculated by multiplying the closing market price of our common stock on November 30, 2009 (\$35.68) by the number of unvested RSUs.

Table of Contents**OPTION EXERCISES AND STOCK VESTED IN LAST FISCAL YEAR**

The following table sets forth option exercises and the vesting of RSU awards which occurred during fiscal 2009.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(2)
Alan D. Wilson	-	-	17,151	531,136
Gordon M. Stetz, Jr.	-	-	3,623	113,232
Mark T. Timbie	-	-	7,342	224,563
Lawrence E. Kurzius	-	-	6,301	192,723
Charles T. Langmead	96,000	1,234,753	5,929	180,890

- (1) The amounts shown are calculated based on the difference between the closing market price of our common stock on the date of exercise and the exercise price of the options, multiplied by the number of shares for which the options were exercised. The actual value realized by each Named Executive Officer, after payment of related taxes and fees, was as follows: Mr. Langmead - \$749,112.
- (2) The amounts shown are calculated based on the closing market price of our Common Stock Non-Voting on the date of vesting, multiplied by the number of vested shares. The actual value realized by each Named Executive Officer, after payment of related taxes, was as follows: Mr. Wilson - \$332,082; Mr. Stetz - \$74,534; Mr. Timbie - \$147,020; Mr. Kurzius - \$139,917; and Mr. Langmead - \$118,481.

Pension Benefits

McCormick's tax-qualified pension plan is a defined benefit, non-contributory plan. Similar to all other participants in the plan, the Named Executive Officers are generally eligible to participate in the plan upon completing one year of service. The normal retirement age pursuant to the plan is 65, however a participant may retire at 62 without receiving a reduction in benefits due to age, or as early as 55 with their benefits reduced 5/12 of 1% per month for each month that the participant is less than age 62. As of November 30, 2009, Mr. Timbie was eligible for early retirement at age 55 with reduced benefits.

The plan provides benefits (which are reduced by an amount equal to 50% of the participant's Social Security benefit for those employees hired before December 1, 2000) based on the participant's years of service and the highest average compensation over a period of five consecutive years. As defined in the plan, years of service means all of the executive's years of service to McCormick after becoming eligible to enter the plan (generally after one year of employment with McCormick). However, if a participant experiences a total and permanent disability prior to age 65, the participant's benefit will be based upon the participant's years of service as if he or she had served to the later of age 65 or five years after the total and permanent disability and compensation as of the date of the total and permanent disability. Also as defined in the pension plan, highest average compensation means base pay only for employees hired prior to December 1, 2000, and base pay and annual incentive bonus for employees hired on or after December 1, 2000. All the Named Executive Officers were hired prior to December 1, 2000, except Mr. Kurzius who was hired after that date.

Messrs. Wilson, Timbie, Kurzius and Langmead also participate in the supplemental executive retirement plan or SERP. The SERP was adopted in 1979 to provide a limited group of senior executives who are age 50 and older with

an inducement to retire before age 65 by providing the executives with an additional month of service credit for each month of service between ages 55 and 60. For executive participants hired prior to December 1, 2000, the SERP includes a significant portion of the executives' annual bonuses in

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the calculation of pension benefits. Specifically, the calculation of average monthly earnings includes 90% of 1/12 of the average of the five highest annual bonuses payable for any five of the ten calendar years immediately preceding termination. For Named Executive Officers hired on or after December 1, 2000, the SERP is calculated by multiplying the benefit amount by a factor based upon the Named Executive Officer's wage grade at the date of retirement.

If the participating executive experiences a termination by McCormick without cause prior to age 55, the executive's SERP benefit will vest immediately upon such termination and will be based upon the executive's years of service and compensation as of the date of the termination. Only an annuity form of benefit is permitted under both the qualified plan and the SERP, except in the event of a change in control, and in that event, a lump sum benefit is paid under the SERP.

The following table sets forth the accumulated benefit payable upon retirement to each of the Named Executive Officers pursuant to our defined benefit plan and, as applicable, the SERP.

Name	Plan Name	Number of Years Credited Service (#)(1)	Present Value of Accumulated Benefit (\$)(2)	Payments During Last Fiscal Year (\$)
Alan D. Wilson	Pension Plan	15 yrs. 2 mos.	278,258	0
	SERP	15 yrs. 2 mos.	1,668,157	0
Gordon M. Stetz, Jr.	Pension Plan	21 yrs.	308,516	0
Mark T. Timbie	Pension Plan	12 yrs. 4 mos.	347,676	0
	SERP	12 yrs. 7 mos.	1,034,946	0
Lawrence E. Kurzius	Pension Plan	4 yrs. 11 mos.	49,678	0
	SERP	4 yrs. 11 mos.	153,583	0
Charles T. Langmead	Pension Plan	31 yrs. 6 mos.	470,754	0
	SERP	31 yrs. 6 mos.	819,807	0

(1) Represents the number of years of service credited to the Named Executive Officer under the respective plan, computed as of the same pension plan measurement date used pursuant to our fiscal 2009 audited financial statements (November 30, 2009). Actual years of service are as follows: Mr. Wilson - 16 yrs. 2 mos; Mr. Stetz - 22 yrs; Mr. Timbie - 13 yrs, 4 mos; Mr. Kurzius - 4 yrs, 11 mos; Mr. Langmead - 33yrs, 4 mos. The difference in Mr. Timbie's credited service between the two plans is due to the additional credit provided by the SERP for each month of service in the Plan after age 55.

(2) Amounts represent the actuarial present value of the Named Executive Officer's accumulated benefit under each respective plan, computed as of the same pension plan measurement date used pursuant to our fiscal 2009 audited financial statements (November 30, 2009). For a discussion of the assumptions used in this valuation, see Note 9 to our fiscal 2009 audited financial statements. All assumptions are the same for purposes of the above calculation, other than the assumed retirement age is age 62, the earliest age at which the executives may

retire with unreduced benefits.

Non-Qualified Deferred Compensation

In 1999, McCormick adopted a deferred compensation plan that allows a limited number of management employees, including each of the Named Executive Officers, to defer up to 80% of their base salary and up to 80% of their annual cash bonus each year. These percentages were chosen to provide maximum deferral flexibility while requiring sufficient non-deferral salary out of which federal withholding and certain other

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payroll-based items could be funded. McCormick makes no contributions to the plan. For all plan participants, including each of the Named Executive Officers, the deferred amounts are recorded in a notional deferred compensation account and change in value based upon the gains and losses of benchmark fund alternatives.

These fund alternatives are the same as those available under the McCormick 401(k) Retirement Plan, except there is also one real estate fund (which is generally publicly-available) that is offered under this plan that is not available under the McCormick 401(k) Retirement Plan because it was determined by the Investment Committee to have a risk level that is not appropriate to offer in the more general McCormick 401(k) Retirement Plan. Participants may generally elect to change their fund choices at any time (there are certain restrictions applicable to participants subject to Section 16 of the Exchange Act).

In most cases, deferred amounts plus earnings are paid upon the participant's retirement or termination of employment. For deferrals made prior to 2005, upon a participant's termination of employment, the plan balance is paid on a lump-sum basis. Upon retirement, the plan balance is paid in either a lump sum or in 5, 10, 15, or 20-year installments based on the participant's election made at the time of the deferral. For deferrals made in 2005 and beyond, the plan balance is paid six months following retirement or termination in either a lump sum or in 5, 10, 15, or 20-year installments based on the participant's election made at the time of the deferral.

The following table sets forth the Named Executive Officers' contributions, account earnings and aggregate balance under the nonqualified deferred compensation plan as of November 30, 2009.

Name	Executive Contributions in Last FY (\$)(1)	Aggregate Earnings in Last FY (\$)(2)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last FYE (\$)(3)
Alan D. Wilson	420,222	349,620	0	1,296,275
Gordon M. Stetz, Jr.	99,046	60,815	34,767	445,737
Mark T. Timbie	366,579	241,596	0	1,828,300
Lawrence E. Kurzius	179,019	110,271	0	407,470
Charles T. Langmead	76,975	46,048	0	213,139

- (1) Amounts represent deferrals of base salary and annual non-equity incentive plan compensation by each respective Named Executive Officer during fiscal 2009 as follows: Mr. Wilson - \$83,500 (salary), \$336,722 (non-equity incentive plan compensation); Mr. Stetz - \$42,454 (salary), \$56,592 (non-equity incentive plan compensation); Mr. Timbie - \$ 94,719 (salary), \$271,860 (non-equity incentive plan compensation); Mr. Kurzius - \$91,478 (salary), \$87,541 (non-equity incentive plan compensation); and Mr. Langmead - \$0 (salary), \$76,975 (non-equity incentive plan compensation). The salary amounts are included with the Salary column of the Summary Compensation Table above. The non-equity incentive plan compensation amounts are fiscal 2008 annual incentive compensation that was paid during fiscal 2009 and thus are not included in the Summary Compensation Table. The Executive Contributions in Last Fiscal Year Column does not include executive contributions made in fiscal 2010 relating to non-equity incentive plan compensation earned in fiscal 2009.
- (2) Non-qualified deferred compensation earnings are not above-market or preferential and therefore these amounts are not reported in the Summary Compensation Table above.
- (3) Of these amounts, the following aggregate amounts are included in the Summary Compensation Table above (either as fiscal 2007, 2008 or 2009 compensation) for each Named Executive Officer: Mr. Wilson - \$815,669; Mr. Stetz - \$236,749; Mr. Timbie - \$812,532; Mr. Kurzius - \$359,845; and Mr. Langmead - \$76,975.

Potential Payments Upon Termination Or Change In Control

Other than as described below, McCormick does not maintain any agreements, arrangements or plans that provide the Named Executive Officers with payments upon a termination or change in control of McCormick that are not

available generally to all employees of McCormick on a non-discriminatory basis.

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Similar to all employees of McCormick, upon termination without cause, each Named Executive Officer is entitled to receive the following payments and benefits:

a lump sum payment equal to his or her accrued but unused vacation time;

post-employment health benefits for the remainder of the calendar month of departure and option for benefits payable under the Consolidated Omnibus Benefits Reconciliation Act for up to 18 months following termination;

severance equal to one week of base pay for every year of service, plus six weeks;

in the event of a termination of employment due to total and permanent disability, a monthly payment equal to 50% of salary minus 50% of the Social Security payment received paid in equal monthly installments until the executive attains age 65; and

a one-time benefit paid to his or her beneficiary upon death in an amount equal to the executive's base salary, subject to a limit of \$500,000.

In addition, upon termination of employment, including retirement, the applicable Named Executive Officers are entitled to receive their respective balances pursuant to our nonqualified deferred compensation plan as described above under **Non-Qualified Deferred Compensation**.

Equity Plans

The vesting schedules under outstanding equity awards accelerate upon death, total and permanent disability, involuntary termination without cause, retirement and a **change in control** (defined below). While this benefit is available to all of our equity plan participants equally, pursuant to SEC requirements we have included this acceleration benefit in the table below.

A ***change in control*** is generally defined as:

the consolidation or merger of McCormick with or into another entity where McCormick is not the continuing or surviving corporation, except for any consolidation or merger in which, generally, the holders of McCormick's Common Stock and Common Stock Non-Voting immediately before the consolidation or merger own in excess of 50% of the voting stock of the surviving corporation;

any sale, lease, exchange or other transfer of all or substantially all of the assets of McCormick;

any person becoming the beneficial owner, directly or indirectly, of McCormick securities representing more than 13% (or 35% in the event that the vote limitation provision of McCormick's Charter is deemed unenforceable) of the voting power of all the outstanding securities of McCormick having the right to vote in an election of the Board; or

directors elected by the Company's stockholders at the most recent annual meeting of stockholders, and any new directors approved by at least a majority of the directors then in office, cease to constitute a majority of the members of the Board.

Table of Contents**Estimates of Payments**

The table below sets forth estimated payment amounts each Named Executive Officer would have received, unless otherwise noted, upon death, total and permanent disability, retirement, involuntary termination without cause, or change in control, assuming a triggering event on November 30, 2009. For purposes of the estimated amounts below, we have assumed that the price per share of our common stock was \$35.68, the closing market price of our Common Stock Non-Voting on November 30, 2009 (the last business day of our fiscal year).

In addition, we have not included each applicable Named Executive Officer's award under the Annual Performance-Based Incentive Compensation Plan, or their respective balances pursuant to our Non-Qualified Deferred Compensation Plan as these amounts are disclosed in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table, and the Aggregate Balance at Last FYE column of the Non-Qualified Deferred Compensation table, above.

Potential Payments Upon Termination or Change in

	Alan D. Wilson	Gordon M. Stetz, Jr.	Mark T. Timbie	Lawrence E. Kurzius	Charles T. Langmead
Control					
Cash-Based Long Term Incentive Plan: 2008-2010 (Performance Period)					
Retirement/Death/ Disability/Involuntary					
Termination (1)	\$ 765,766	\$ 193,200	\$ 279,450	\$ 209,760	\$ 198,720
Change in Control (CIC)	1,148,649	289,800	419,175	314,640	298,080
2009-2011 (Performance Period)					
Retirement/Death/ Disability/Involuntary					
Termination (1)	400,000	116,667	141,667	141,667	116,667
Change in Control	1,200,000	350,000	425,000	425,000	350,000
Equity Awards:					
Accelerated Restricted Stock Units	403,398	100,154	132,159	113,427	100,154
Accelerated Stock Options	1,770,729	373,790	506,512	506,512	388,396
Pension Plan Payment (2)					
Retirement/Involuntary Termination/CIC	278,258	308,516	347,676	49,678	470,754
Disability	546,514	573,860	516,831	190,172	697,431
Death	134,849	136,717	148,323	22,913	235,301
SERP Payment (3)					
Retirement/Involuntary Termination/CIC	1,668,157(5)	-	1,034,946(6)	153,583(7)	819,807(8)
Disability	3,771,008	-	1,507,254	816,777	1,226,964
Death	489,418	-	509,339	43,376	251,032
Disability Benefits (4)	293,424	70,424	102,299	94,074	54,924

- (1) These amounts represent target awards for the 2008-2010 and 2009-2011 performance cycles adjusted pro rata based on service through November 30, 2009. The cash-based long term incentive plan provides that these amounts would be further adjusted (0-200%) based on McCormick's performance.
- (2) Present value of benefits payable immediately if triggering event occurred on November 30, 2009. The amounts are calculated based on the 2009 FAS disclosure discount rates of 6.27% and the Generational RP-2000 combined Mortality Table for post-retirement mortality.
- (3) Present value of benefits payable immediately if triggering event occurred on November 30, 2009. The amounts are calculated based on the 2009 FAS disclosure discount rates of 5.97% and the Generational RP-2000 combined Mortality Table for post-retirement mortality. See the narrative to the Pension Benefits table above for a discussion of the payment formulae upon the various termination events.
- (4) The amount shown is an estimated annual benefit paid to the Named Executive Officer in the event that he becomes totally and permanently disabled. The amounts are calculated on the amount in excess of \$245,000 limit. The amounts set forth in the table above

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- assume the executive's current base salary and one-half of the maximum social security offset, as applicable.
- (5) As of November 30, 2009, present value of benefits associated with involuntary termination for Mr. Wilson would have been \$994,793 and \$872,917 for change in control. Amount shown for Mr. Wilson represents the present value of benefits associated with retirement.
 - (6) As of November 30, 2009, present value of benefits associated with change in control for Mr. Timbie would have been \$1,148,799. The amount shown for Mr. Timbie represents the present value of benefits associated with retirement and involuntary termination.
 - (7) As of November 30, 2009, present value of benefits associated with involuntary termination for Mr. Kurzius would have been \$91,545 or \$79,421 for change in control. The amount shown for Mr. Kurzius represents the present value of benefits associated with retirement.
 - (8) As of November 30, 2009, present value of benefits associated with involuntary termination for Mr. Langmead would have been \$488,371 or \$436,139 for change in control. The amount shown for Mr. Langmead represents the present value of benefits associated with retirement.

Table of Contents**EQUITY COMPENSATION PLAN INFORMATION**

The following table summarizes information about McCormick's equity compensation plans as of November 30, 2009:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	(1) Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity Compensation Plans approved by security holders (1)	Common Stock	Common Stock	Common Stock
	8,275,606	\$29.40	4,331,955
	Common Stock Non-Voting	Common Stock Non-Voting	Common Stock Non-Voting
	2,776,804	\$29.46	2,105,922
Equity Compensation Plans not required to be approved by security holders (2)	Common Stock	Common Stock	Common Stock
	156,885	\$31.62	-0-
	Common Stock Non-Voting	Common Stock Non-Voting	Common Stock Non-Voting
	52,570	\$31.52	-0-
Total	Common Stock	Common Stock	Common Stock
	8,432,491	\$29.44	4,331,955
	Common Stock Non-Voting	Common Stock Non-Voting	Common Stock Non-Voting
	2,829,374	\$29.50	2,105,922

(1) Includes the 1997 and 2001 Stock Option Plans, the 2007 Employees Stock Purchase Plan, the 1991, 1999 and 2004 Directors Non-Qualified Stock Option Plans, the Directors' Share Ownership Program, the 2004 Long Term Incentive Plan, and the 2007 Omnibus Incentive Plan.

(2) Includes options granted to foreign nationals pursuant to plans for certain non-US subsidiaries and in lieu of participation under the 1997 and 2001 Stock Option Plans, the 2004 Long Term Incentive Plan and the 2007 Omnibus Incentive Plan. Except for minor variations required by tax laws of various jurisdictions, the terms and conditions of such options are substantially the same as the options granted under the U.S. plans.

REPORT OF AUDIT COMMITTEE

The responsibilities of the Audit Committee are defined in a charter which has been approved by the Board of Directors. The Committee's Charter is available at McCormick's website at www.mccormickcorporation.com under

Investor Relations then Corporate Governance, Board Committees - Descriptions & Charters. Among other things, the Charter gives the Committee the responsibility for reviewing McCormick's audited financial statements and the financial reporting process. In carrying out that responsibility, the Committee has reviewed and discussed McCormick's audited financial statements with management, and it has discussed with McCormick's Independent Registered Public Accounting Firm the matters which are required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees), as amended and as adopted by the Public Company Accounting Oversight Board (PCAOB) in Rule 3200T. In addition, the Committee has received and reviewed the written disclosures and letter required by the applicable requirements of the Public Company Accounting Oversight Board regarding the Independent Registered Public Accounting Firm's communications with the Audit Committee concerning independence and has discussed with such firm its independence. The Audit Committee has reviewed the fees of the Independent Registered Public Accounting Firm for non-audit services and believes that such fees are compatible with the independence of the Independent Registered Public Accounting Firm.

Based on these reviews and discussions, the Committee recommended to the Board of Directors that McCormick's audited financial statements be included in McCormick's Annual Report on Form 10-K for the fiscal year ended November 30, 2009.

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All members of the Audit Committee are independent pursuant to the requirements of McCormick's Corporate Governance Guidelines, the NYSE's Listing Standards, and applicable SEC rules.

Submitted by:

Audit Committee

James T. Brady, Chairman

J. Michael Fitzpatrick

Michael D. Mangan

Fees of Independent Registered Public Accounting Firm

Audit Fees

The audit fees billed for professional services rendered by Ernst & Young LLP for the audit of McCormick's annual financial statements for the most recent fiscal year and the review of the financial statements included in McCormick's Quarterly Reports on Form 10-Q for the most recent fiscal year were \$4.2 million. For the 2008 fiscal year, such fees were \$4.2 million.

Audit Related Fees

The aggregate fees billed for all audit related services rendered by Ernst & Young LLP for the most recent fiscal year were approximately \$500,000, and for the 2008 fiscal year were approximately \$400,000. Audit related services principally include due diligence in connection with acquisitions, accounting consultations, audits and consultations in connection with dispositions, assistance with internal control documentation and information systems audits. McCormick discontinued utilizing Ernst & Young LLP as its internal auditor in July of 2002.

Tax Fees

The aggregate fees billed for all tax services rendered by Ernst & Young LLP for the most recent fiscal year were approximately \$300,000, and for the 2008 fiscal year were approximately \$500,000. Tax services principally include tax compliance, tax advice and tax planning.

All Other Fees

Other professional services include advisory services and tax round tables. The aggregate fees billed for other professional services rendered by Ernst & Young LLP for the most recent fiscal year were approximately \$100,000. No other professional services were rendered in 2008.

The Audit Committee has adopted policies and procedures for the pre-approval of the above fees. All requests for services to be provided by Ernst & Young LLP are submitted to the Manager of Internal Audit, who subsequently requests pre-approval (for service fees of \$250,000 or less) from the Audit Committee Chairman. Requests for services in excess of \$250,000 require approval from the entire Audit Committee. A schedule of pre-approved services is reviewed by the entire Audit Committee at each Audit Committee meeting.

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PROPOSAL TWO
RATIFICATION OF APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors has ratified the Audit Committee's appointment of the accounting firm of Ernst & Young LLP to serve as the Independent Registered Public Accounting Firm of McCormick for fiscal year 2010, subject to ratification by the stockholders of McCormick. Ernst & Young LLP were first appointed to serve as the Independent Registered Public Accounting Firm of McCormick in 1982 and are considered by the Audit Committee and the management of McCormick to be well qualified.

Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Although stockholder ratification is not required, the appointment of Ernst & Young LLP is being submitted for ratification as a matter of good corporate practice with a view towards soliciting stockholders' opinions which the Audit Committee will take into consideration in future deliberations. If Ernst & Young LLP's selection is not ratified at the Annual Meeting of Stockholders, the Audit Committee will reconsider whether to retain Ernst & Young LLP. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of McCormick and its stockholders.

Required Vote of Stockholders.

The affirmative vote of a majority of the votes cast by holders of the shares of Common Stock present in person or by proxy at a meeting at which a quorum is present is required to ratify the appointment of Ernst & Young LLP as McCormick's independent registered public accounting firm.

The Board of Directors recommends that stockholders vote *FOR* ratification.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires McCormick's directors and officers, and persons who own more than 10% of a registered class of McCormick's equity securities, to file with the SEC and the NYSE, initial reports of ownership and reports of changes in beneficial ownership of such equity securities of McCormick. To McCormick's knowledge, based upon the reports filed and written representations regarding reports required during the fiscal year ended November 30, 2009, no executive officer or any director of McCormick failed to file reports required by Section 16(a) on a timely basis.

Other Matters

Management knows of no other matters that may be presented for consideration at the Annual Meeting. However, if any other matters properly come before the Annual Meeting, it is the intention of the persons named in the proxy to vote such proxy in accordance with their judgment on such matters.

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Voting Procedures

The affirmative vote of a majority of all votes cast by holders of Common Stock present in person or by proxy at a meeting at which a quorum is present is required for the election of each director nominee, and the ratification of the appointment of Ernst & Young LLP as McCormick's independent registered public accounting firm. Abstentions are not counted in the number of votes cast and will have no effect on the results of the vote.

Under current NYSE rules, the proposal to ratify the appointment of independent auditors is considered a discretionary item. This means that brokerage firms may vote in their discretion on this matter on behalf of clients who have not furnished voting instructions at least 15 days before the date of the Annual Meeting of Stockholders. In contrast, the proposal to elect directors is a non-discretionary item. This means brokerage firms that have not received voting instructions from their clients on these matters may not vote on this proposal. These so-called broker non-votes will not be considered in determining the number of votes necessary for approval and, therefore, will have no effect on the outcome of the vote for this proposal.

Householding Of Annual Disclosure Documents

Pursuant to SEC rules, McCormick intends to send a single annual report and proxy statement to any household where two or more stockholders reside unless it has received contrary instructions from the stockholders. This rule benefits both stockholders and McCormick. It eliminates unnecessary mailings delivered to your home and helps to reduce McCormick's expenses. Each stockholder will continue to receive a separate proxy card. If your household receives a single set of disclosure documents for this year, and you would prefer to receive a duplicate copy, please contact McCormick's delivery agent, Broadridge Financial Solutions, Inc., by calling its toll-free number, 800-542-1061, sending an electronic mail message to sendmaterial@proxyvote.com, or writing to Broadridge Financial Solutions, Inc., 51 Mercedes Way, Edgewood, NY, 11717. McCormick will provide you with a duplicate copy promptly. If you share an address with another McCormick stockholder and you would prefer to receive a separate set of annual disclosure documents in the future or both of you would prefer to receive only a single set of McCormick's annual disclosure documents, please contact Broadridge Financial Solutions, Inc. at the above telephone number or address.

Stockholder Proposals For 2011 Annual Meeting

Proposals of stockholders to be presented at the 2011 Annual Meeting must be received by the Secretary of McCormick on or before October 19, 2010 to be considered for inclusion in the 2011 proxy statement material.

Stockholders wishing to submit proposals or director nominations at the 2011 Annual meeting that are not to be included in such proxy statement material must deliver notice to the Secretary at the principal executive offices of McCormick no later than the close of business on the 60th day, nor earlier than the close of business on the 90th day, prior to the first anniversary of the preceding year's annual meeting (i.e., between December 31, 2010 and January 31, 2011). Stockholders are also advised to review McCormick's By-Laws, which contain additional requirements with respect to advance notice of stockholder proposals and director nominations.

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