HOME PROPERTIES INC
Form DEF 14A
March 30, 2011

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant ý
Filed by a party other than the Registrant o
Check the appropriate box:

o Preliminary Proxy Statement
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ý Definitive Proxy Statement
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HOME PROPERTIES, INC.
(Name of Registrant as Specified in Its Charter)

____
(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

March 31, 2011

Dear Stockholder:

The Annual Meeting of Stockholders of Home Properties, Inc. will be held on Tuesday, May 3, 2011, at 9:00 a.m. at Clinton Square, 14th Floor, Rochester, New York. The agenda for the Annual Meeting is expected to consist solely of a brief report on the outcome of the stockholder vote on the various matters upon which the stockholders have been asked to vote and will not include a formal presentation by management.

A Notice of Annual Meeting and a Proxy Statement are attached. They describe the matters to be acted upon at the Annual Meeting.

Your vote on all the matters described in the Proxy Statement is very important. Please sign, date and return the enclosed proxy card in the envelope provided. Alternatively, you may choose to vote by telephone or Internet. Voting by any of these methods before the meeting will ensure that your shares are represented at the meeting.

Thank you for your continued confidence in Home Properties.

Sincerely,

HOME PROPERTIES, INC.

Edward J. Pettinella
President and Chief Executive Officer

HOME PROPERTIES, INC.
850 Clinton Square
Rochester, New York 14604

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 3, 2011

NOTICE IS HEREBY GIVEN that the 2011 Annual Meeting of Stockholders (the "Annual Meeting") of Home Properties, Inc. (the "Company") will be held on Tuesday, May 3, 2011 at 9:00 a.m. at Clinton Square, 14th Floor, Rochester, New York. Clinton Square is located at the northwest corner of Clinton Avenue and Broad Street in downtown, Rochester, New York. At the Annual Meeting, stockholders will be asked to:

1. Elect eight Directors of the Company to serve until the 2012 Annual Meeting of Stockholders and until their respective successors are elected;
2. Cast a non-binding advisory vote on executive compensation;
3. Cast a non-binding advisory vote on the frequency of future executive compensation votes;
4. Approve the Home Properties, Inc. 2011 Stock Benefit Plan;
5. Ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2011; and
6. Consider and act upon any other matters that are properly brought before the Annual Meeting and at any adjournments or postponements thereof.

The Board of Directors of the Company (the "Board" or the "Board of Directors") set the close of business on March 8, 2011 as the record date for the Annual Meeting. Only stockholders whose names appear on the stock register of the Company at the close of business on the record date will be entitled to notice of and to vote at the Annual Meeting and at any adjournments or postponements. (If you hold your stock in the name of a brokerage firm, bank or other nominee, only that entity can vote your shares. Please give instructions as to how you wish your shares to be voted to the person responsible for your account.)

There are four ways to vote. We encourage you to vote by Internet or telephone.
You can vote by:
- Internet at http://www.proxyvoting.com/hme;
- toll-free telephone at 1-866-540-5760;
- completing the enclosed proxy card and returning it in the enclosed postage prepaid envelope; or
- written ballot at the meeting.

If you vote by Internet or telephone, your vote must be received before 11:59 p.m. Eastern Time on May 2, 2011, the day before the Annual Meeting. You may change your vote or revoke your proxy at any time before the Annual Meeting:

- by entering a new vote by Internet or telephone;
- by returning a later dated proxy card;
- by sending written notice to Ann M. McCormick, Secretary of the Company, at 850 Clinton Square, Rochester, New York 14604; or
- by completing a written ballot at the Annual Meeting.

Rochester, New York By Order of the Board of Directors

March 31, 2011

Ann M. McCormick
Secretary

EVEN IF YOU PLAN TO ATTEND THE MEETING, PLEASE VOTE BY ONE OF THE ABOVE METHODS. IF YOU ATTEND THE ANNUAL MEETING, YOU MAY VOTE IN PERSON IF YOU WISH, EVEN IF YOU HAVE PREVIOUSLY VOTED.

Important Notice Regarding the Availability of Proxy Materials
for the Annual Stockholders Meeting to be Held on May 3, 2011:

This Proxy Statement and the 2010 Annual Report are available at
www.homeproperties.com/Investors

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HOME PROPERTIES, INC.
Suite 850
Clinton Square
Rochester, New York 14604

PROXY STATEMENT

FOR 2011 ANNUAL MEETING OF STOCKHOLDERS
to be held on May 3, 2011

March 31, 2011

GENERAL INFORMATION

This Proxy Statement is delivered to you in connection with the solicitation of proxies by the Board of Directors of Home Properties, Inc. (the "Company") for use at the 2011 Annual Meeting of Stockholders of the Company (the "Annual Meeting"). The Annual Meeting will be held on Tuesday, May 3, 2011 at 9:00 a.m. at Clinton Square, 14th Floor, Rochester, New York. The approximate date on which the enclosed form of proxy and this Proxy Statement are first being sent to stockholders is March 31, 2011. The principal executive offices of the Company are located at 850 Clinton Square, Rochester, New York 14604.

Who May Vote?

Stockholders of the Company as of the Company's record date, March 8, 2011, may vote. On March 8, 2011, there were 38,344,584 shares of the Company's Common Stock outstanding. Each share of Common Stock has one vote.

How Do I Vote?

There are four ways to vote:

1. by Internet at http://www.proxyvoting.com/hme;
2. by toll-free telephone at (866) 540-5760;
3. by completing the enclosed proxy card and returning it in the enclosed postage prepaid envelope; or
4. by written ballot at the Annual Meeting.

How Does a Proxy Work?

The Company's Board of Directors is asking for your proxy. By giving us your proxy, you authorize the proxy holders (Edward J. Pettinella, the Company's Chief Executive Officer, and David P. Gardner, the Company's Chief Financial Officer) to vote your shares at the Annual Meeting in the manner you direct.

If you vote by any of the above methods but do not specify how you wish to vote your shares, your shares will be voted in accordance with the recommendations of the Board of Directors. The proxy holders will also vote shares according to their discretion on any other matter properly brought before the meeting.

What if a Broker Holds my Shares?

If you hold shares through someone else, such as a stockbroker, you will get proxy material from them and a card requesting your instructions on how to vote your shares. If you want your vote to count with respect to Proposals 1, 2, 3 and 4, you must complete and return the card. If a broker holds your shares and you do not instruct your broker how to vote, no votes will be cast on your behalf. Your broker will, however, continue to have discretion to vote any uninstructed shares on the ratification of the appointment of the Company's independent registered public accounting firm (Proposal 5).

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What Constitutes a Quorum?

The presence, in person or by proxy, of holders of a majority of all of the shares of Common Stock entitled to vote is necessary to constitute a quorum for the transaction of business at the Annual Meeting. Votes withheld, abstentions and "broker non-votes" will be counted for purposes of determining whether a quorum is present. A "broker non-vote" refers to a share represented at the Annual Meeting which is held by a broker or other nominee who has not received instructions from the beneficial owner or person entitled to vote such share and with respect to which such broker or nominee does not have discretionary voting power to vote such share on one or more but not all proposals.

What Vote is Required to Approve Each Proposal?

Proposal 1: The affirmative vote of a plurality of the votes cast at the Annual Meeting is required for the election of a Director. For purposes of the election of Directors, abstentions and broker non-votes, if any, will not be counted as votes cast and will have no effect on the result of the vote.

Proposals 2 and 3: The affirmative vote of a majority of votes cast at the Annual Meeting is required to approve 2010 executive compensation and the frequency of the advisory vote on executive compensation. Abstentions and broker non-votes are not considered votes cast and will have no effect on the result of the votes.

Proposal 4: The affirmative vote of a majority of the votes cast on Proposal 4 is required for approval of the Home Properties, Inc. 2011 Stock Benefit Plan, provided that the total vote cast on the Proposal represents over 50% in interest of all shares entitled to vote on the Proposal. For purposes of the vote on Proposal 4, abstentions and broker non-votes will have the same effect as votes against the proposal, unless holders of more than 50% in interest of all common shares entitled to vote on the Proposal cast votes, in which event broker non-votes will not have any effect on the result of the vote.

Proposal 5: The affirmative vote of a majority of all of the votes cast at the Annual Meeting is required for ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2011. For purposes of the vote on Proposal 5, abstentions will not be counted as votes cast and will have no effect on the result of the vote.

Can I Change My Vote?

You may revoke your proxy before it is voted at the Annual Meeting by entering a new vote by Internet or telephone, by submitting a new proxy with a later date, by voting in person at the Annual Meeting or by notifying the Company's Secretary in writing prior to the Annual Meeting as follows: Ann M. McCormick, Home Properties, Inc., 850 Clinton Square, Rochester, New York 14604.

Can I Access the Notice of Annual Meeting, Proxy Statement, Annual Report on Form 10-K and the Annual Report on the Internet?

The Notice of Annual Meeting, this Proxy Statement, the Annual Report on Form 10-K for the fiscal year ended December 31, 2010 and the 2010 Annual Report to Stockholders are available on the Company's website at www.homeproperties.com under the heading "Investors".

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PROPOSAL 1
ELECTION OF DIRECTORS

The Board of Directors has nominated Stephen R. Blank, Alan L. Gosule, Leonard F. Helbig, III, Charles J. Koch, Thomas P. Lydon, Jr., Edward J. Pettinella, Clifford W. Smith, Jr., and Amy L. Tait to serve as Directors (the "Nominees"). Each of the Nominees is currently serving as a Director of the Company. The Board of Directors anticipates that each of the Nominees will serve as a Director if elected.

After the election of the Nominees at the Annual Meeting, the size of the Board of Directors will decrease from twelve members to eight members. Each of Nelson B. Leenhouts, Norman Leenhouts and Paul L. Smith has been a member of the Board of Directors since 1994 and is not eligible to stand for re-election to the Board because he is 75 years old. The retirement policy for Board members contained in the Company's Corporate Governance Guidelines provides that a director may not stand for re-election after they have reached the age of 75. Josh E. Fidler has decided not to stand for re-election.

Any individual elected at the Annual Meeting is elected to serve as a Director until the 2012 Annual Meeting of Stockholders and until a successor has been elected. The affirmative vote of a plurality of the votes cast at the Annual Meeting is required for the election of the Nominees as Directors.

Information Regarding Nominees for Director

The following paragraphs provide information as of the date of this proxy statement about each Nominee. The information presented includes information the Directors have given us about their age, all positions they hold, their principal occupation and business experience for the past five years, and the names of other publicly-held companies of which they currently serve as a Director or have served as a Director during the past five years. In addition to the information presented below regarding the Nominees' specific experience, qualifications, attributes and skills that led our Board to the conclusion that they should serve as a Director, we also believe that all of our Nominees have a reputation for integrity, honesty and adherence to high ethical standards. They each have demonstrated business acumen and an ability to exercise sound judgment, as well as a commitment of service to the Company and our Board.

Stephen R. Blank, age 65, has been a Director of the Company since 2009. Since 1998, Mr. Blank has been a Senior Resident Fellow, Finance, at the Urban Land Institute ("ULI"), a non-profit education and research institute which studies land use and real estate development policy. Prior to joining ULI, Mr. Blank served from 1993 to 1998 as Managing Director - Real Estate Investment Banking of CIBC Oppenheimer Corp. From 1989 to 1993, Mr. Blank was Managing Director of the Real Estate Corporate Finance Department of Cushman & Wakefield, Inc. From 1979 to 1989, Mr. Blank served as Managing Director - Real Estate Investment Banking of Kidder, Peabody & Co. From 1973 to 1979, Mr. Blank was employed by Bache & Co., Incorporated as Vice President, Direct Investment Group. Mr. Blank is Chairman of the Board of Trustees of Ramco-Gershenson Properties Trust (NYSE: RPT) and a Director of MFA Financial, Inc. (NYSE: MFA). For both companies, he also serves as Chairman of the Audit Committee and as a member of the Compensation Committee. From May 1999 to February 2007, Mr. Blank was a member of the Board of Directors of BNP Residential Trust, Inc. Mr. Blank is a graduate of Syracuse University and received a Masters in Business Administration degree in Finance from Adelphi University.

Mr. Blank's knowledge of the real estate industry as evidenced by his position at ULI, his experience in the investment banking industry, including his expertise in public and private real estate finance, and his service on the boards and committees of other public and private companies led the Board to conclude that he should continue to serve as a Director.

Alan L. Gosule, age 70, has been a Director of the Company since 1996. Mr. Gosule is a partner in the law firm of Clifford Chance US LLP in New York, New York and has practiced law with that firm and its predecessor since 1991. From 2002 to August 2005, he served as the Regional Head of Clifford Chance's Real Estate Department for the Americas and, prior to 2002, was the Regional Head of the firm's Tax, Pension and Employment Department for the Americas. Prior to 1991, Mr. Gosule practiced law with the firm of Gaston & Snow, where he was a member of that firm's Management Committee and the Chairman of the Tax Department. Mr. Gosule currently serves on the Boards of MFA Financial, Inc. (NYSE: MFA), F.L. Putnam Investment Management Company and Pioneer Natural Resources, GP, LLC, the general partner of Pioneer Southwest Energy Partners, L.P. He also serves as a member of the Board of Trustees of the Ursuline Academy. Mr. Gosule is a graduate of Boston University and received a Juris Doctor degree from Boston University Law School and an LLM in Taxation from Georgetown Law School.

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Mr. Gosule's experience as a lawyer and partner of a major international law firm (including prior service as Chair of the Tax and Real Estate Departments), his knowledge of tax law and related matters, including real estate investment trusts, and his experience in advising and serving on the boards and committees of other public and private companies led the Board to conclude that he should continue to serve as a Director.

Leonard F. Helbig, III, age 65, has been a Director of the Company since 1994. Since September 2002 he has served as a Director of Integra Realty Resources in Philadelphia. He is also an active owner and manager of various self storage and manufactured housing communities throughout the northeast. Between 1980 and 2002 he was employed by Cushman & Wakefield, Inc. where he held various senior management positions. From 1980 through 1987, he founded and served as National Director of that firm's Valuation and Consulting Services. From 1987 until 2002, Mr. Helbig served as President of Financial Services. Between 1995 and 2000, he also served as Executive Managing Director of Asset and Property Management Services. He was a member of Cushman & Wakefield's Board of Directors and Executive and Management Committees. He maintains active memberships in various international industry associations such as the ULI, the International Council of Shopping Centers and the National Multi Housing Council. He also holds the MAI professional designation from the Appraisal Institute. Mr. Helbig is a graduate of LaSalle University in Philadelphia with a Bachelor of Science degree in Industrial Management.

Mr. Helbig's corporate management experience and his experience in the acquisition, disposition, development, leasing, management and appraisal of commercial and multifamily real estate led the Board to conclude that he should continue to serve as a Director.

Charles J. Koch, age 64, became a Director of the Company on March 1, 2010. From 1973 to 2004, Mr. Koch was employed by Charter One Financial, Inc. and its wholly-owned subsidiary, Charter One Bank, N.A. He was elected President and Chief Operating Officer in 1980, President and Chief Executive Officer in 1988 and Chairman, President and Chief Executive Officer in 1995. He served in those capacities until the sale of Charter One Financial, Inc. to The Royal Bank of Scotland in 2004. He was a Director of The Royal Bank of Scotland from 2004 until 2009. He is currently a Director of Assurant, Inc. (NYSE: AIZ) where he also serves as a member of the Compensation Committee and as the Chair of the Finance and Investment Committee. In addition, he is a Director of Citizens Financial Group (an affiliate of The Royal Bank of Scotland) and The Federal Home Loan Bank of Cincinnati where he also serves as a member of the Personnel, Governance and Finance and Risk Management Committees. Mr. Koch is Chairman of the Board of Trustees of Case Western Reserve University and on the Board of Directors of John Carroll University. He is a graduate of Lehigh University and holds a Masters in Business Administration degree from Loyola College of Maryland.

Mr. Koch's experience as a Chief Executive Officer of a public company resulting in his broad understanding of the operational, financial and strategic issues facing a public company led the Board to conclude that he should continue to serve as a Director.

Thomas P. Lydon, Jr., age 62, became a Director of the Company on January 1, 2011. Since 2003, Mr. Lydon has been President of The City Investment Fund, L.P., a $770 million real estate opportunity fund. Prior to that, he served as President and Chief Executive Officer of SSR Realty Advisors Inc., which was retained by Metropolitan Life to expand its real estate management subsidiary. He was a member of the National Association of Real Estate Investment Managers from 1998 to 2004 and served as its Chair from 2000-2002. Mr. Lydon is a graduate of Syracuse University with a Bachelor in Business Administration degree with a major in Real Estate.

Mr. Lydon's prior experience as President and Chief Executive Officer of organizations focused on the acquisition, management and disposition of commercial and multifamily real estate led the Board to elect Mr. Lydon as a Director and to recommend him for election by the stockholders.

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Edward J. Pettinella, age 59, has served as President and Chief Executive Officer of the Company since 2004. He is also a Director. He joined the Company in 2001 as an Executive Vice President and Director. From 1997 until February 2001, Mr. Pettinella served as President, Charter One Bank of New York and Executive Vice President of Charter One Financial, Inc. From 1980 through 1997, Mr. Pettinella served in several managerial capacities for Rochester Community Savings Bank, Rochester, NY, including the positions of Chief Operating Officer and Chief Financial Officer. Mr. Pettinella serves on the Board of Directors of Rochester Business Alliance, National Multi Housing Council and Syracuse University School of Business. He is also a member of ULI and serves on the Board of Governors of the National Association of Real Estate Investment Trusts. Mr. Pettinella is a graduate of the State University of New York at Geneseo and holds a Masters in Business Administration degree in Finance from Syracuse University.

Mr. Pettinella’s role as Chief Executive Officer responsible for the Company’s day-to-day operations and strategic initiatives, as well as his experience in corporate finance and public company operations, led the Board to conclude that he should continue to serve as a Director.

Clifford W. Smith, Jr., age 64, has been a Director of the Company since 1994. Mr. Smith is the Epstein Professor of Finance of the William E. Simon Graduate School of Business Administration of the University of Rochester, where he has been on the faculty since 1974. He has written numerous books and articles on a variety of financial, capital markets and risk management topics and has held editorial positions for a variety of journals. Mr. Smith is a graduate of Emory University and has a PhD from the University of North Carolina at Chapel Hill.

Mr. Smith’s expertise in corporate finance, strategic planning, executive compensation and corporate governance, about which he has taught and written for many years, led the Board to conclude that he should continue to serve as a Director.

Amy L. Tait, age 52, has served as a Director of the Company since its inception in 1993. From 1983 until 2001, Mrs. Tait also held several positions with Home Properties and its predecessor, Home Leasing Corporation, including Senior and Executive Vice President and Chief Operating Officer. She resigned her full-time position as Executive Vice President in 2001 to spend more time with family. She founded Tait Realty Advisors, LLC in 2001, and is currently the Chief Executive Officer and a Director of Broadstone Real Estate, LLC, which she co-founded in 2006. She is also a principal in Broadstone Ventures, LLC, Broadstone Net Lease, Inc. and Broadstone Asset Management, LLC, all private commercial real estate management and investment companies. Mrs. Tait is a Director of IEC Electronics Corp. (AMEX: IEC), where she also serves on the Audit Committee. She is currently a member of the M&T Bank Rochester Regional Advisory Board and the Board of the Allendale Columbia School. She also serves on the Executive Advisory Board of the William E. Simon Graduate School of Business Administration of the University of Rochester. Mrs. Tait is a graduate of Princeton University and holds a Masters in Business Administration degree from the William E. Simon Graduate School of Business Administration of the University of Rochester. She is the daughter of Norman Leenhouts and the niece of Nelson Leenhouts.

Mrs. Tait’s experience in all aspects of the real estate industry and her corporate finance background led the Board to conclude that she should continue to serve as a Director.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE NOMINEES.

BOARD MATTERS

Board Composition

The Company is managed by its Board of Directors. If all of the Nominees are elected, the Board will have eight members. Nelson B. Leenhouts, Norman Leenhouts and Paul L. Smith are not eligible to stand for re-election pursuant to the Board's retirement policy. In anticipation of those retirements, the Board concluded that it was desirable to add two new directors with the timing such that there would be a period of time when both the new and retiring directors would serve together. As a result, the size of the Board was increased temporarily to twelve members. With the three retirements and Josh Fidler's decision not to stand for re-election, the Board decided, at least for the current time, to reduce the size of the Board from twelve members to eight.

Board Meetings

The Board holds regular meetings on a quarterly basis. Pursuant to the Company's By-Laws, the Board Chair, President or a majority of the Board of Directors may call for a special meeting of the Board. During 2010, the full Board of Directors met four times, including regular and special meetings. Each Director attended all of the Board's meetings.

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Board Independence

Seven of the Company's eight Nominees are not employed by the Company. The Board of Directors has determined that six of the seven non-employee Directors are "independent" within the meaning of the Securities and Exchange Commission ("SEC") and the New York Stock Exchange ("NYSE") current Director independence standards. The independent Directors are: Stephen Blank, Alan Gosule, Leonard Helbig, Charles Koch, Thomas Lydon and Clifford Smith. This represents more than a majority of the members of the Board of Directors. The Directors determined by the Board not to be independent under the above standards were Edward Pettinella and Amy Tait. Of the Company's current Directors not standing for re-election, the Board has determined that Paul Smith and Josh Fidler are also "independent."

In determining the independence of each Director, the Corporate Governance/Nominating Committee of the Board considered any relationships between the Company and the individual Director and the Director's immediate family members as required under the applicable standards. The Board, consistent with the view of the NYSE, determined that the ownership of even a significant amount of stock in the Company is not a bar to a finding of independence. Consistent with this view of the NYSE, the Board also has determined that ownership of limited partnership units in Home Properties, L.P. ("UPREIT Units") does not bar the Board from determining that a Director is independent. Current Board members and Nominees Blank, Gosule, Helbig, Koch, Lydon and C. Smith and current Board members Fidler and P. Smith have no relationship with the Company other than their compensation and benefits as members of the Board and its Committees and ownership of the Company's Common Stock and UPREIT Units (in the case of Mr. Fidler). Amy Tait and Norman Leenhouts are not considered to be independent because of their family's interests in and control over Clinton Square, the building in which the Company has its headquarters as disclosed in "Transactions with Related Persons, Promoters and Certain Control Persons." Nelson Leenhouts is not independent because he was an employee of the Company until December 31, 2008. Edward Pettinella is not independent as he currently is employed by the Company.

Board Evaluation

In 2010, each Board member participated in a written self-evaluation of his or her performance as a Board member as well as an evaluation of the Board as a whole. The Board and members of senior management also participated in a written evaluation of the Chief Executive Officer.

Director Qualifications

The minimum qualifications for prospective Board members are a successful professional career as well as the potential to contribute to the effectiveness of the Board. Beyond those minimum qualifications, the first priority in selecting members of the Board is to attract a group of individuals who will maximize shareholder value, which generally means attracting individuals of the highest capabilities. Another focus is on individuals who demonstrate the highest ethical standards. Critical Board functions involve setting the basic strategy of the Company, monitoring senior management and offering insight/expertise in the selection of tactics and operational policies, drawing on Directors' experiences outside the Company. In discharging its responsibilities, the Corporate Governance/Nominating Committee considers diversity of experience and perspectives to be valuable. In considering Board composition and nomination for new Board members, the Corporate Governance/Nominating Committee focuses on several aspects of prior experience including real estate (especially multifamily real estate) experience, experience as a chief executive officer of a public company, accounting/audit experience, legal experience and academic experience. Continuity also is viewed as a valuable Board asset, thus some diversity in ages among Board members is beneficial so that the Board does not face major turnover at any single date. The Corporate Governance/Nominating Committee considers all of the foregoing diversity characteristics in making its recommendations for nominees to the Board of Directors and evaluates the effectiveness of its diversity policy annually.

Process for Identifying and Evaluating Nominees for Directors

The Corporate Governance/Nominating Committee utilizes a variety of methods for identifying and evaluating nominees for Director. The Committee develops and updates a list of potential Board candidates who meet the Board qualifications as described above. Candidates may come to the attention of the Committee through current Board members, stockholders, management or other individuals. Mr. Lydon, who was elected to the Board effective January 1, 2011, was brought to the Committee's attention and recommended for consideration by Mr. Blank and Mr. Gosule who, in addition to having professional contact with Mr. Lydon in the context of the real estate industry, also had served previously with him on another Board of Directors. To date, the Committee has not utilized the services of a professional service firm to identify potential candidates, but it may do so in the future. If a vacancy on the Board occurs or is anticipated, the Committee selects candidates to have personal meetings with members of the Committee, the Chair of the Board and the Chief Executive Officer. Selected candidates would then be invited to meet with other Board members and management. A candidate, if acceptable, would then be elected by the Board (in the event of a mid-term vacancy) or be nominated to stand for election at the next annual stockholders' meeting.

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Stockholder Nominees

The Corporate Governance/Nominating Committee will consider Director candidates proposed by stockholders on the same basis as it considers other potential candidates for Board membership. Stockholders may submit nominations, which should include the name and address of the proposed candidate as well as biographical information evidencing that the proposed candidate meets the minimum qualifications and possesses the skills and expertise as required by the Board and as described above under “Director Qualifications.” The submission must also include the candidate’s written consent to the nomination and to serve if elected. To be considered for nomination for election at the 2012 Annual Meeting and inclusion in the Proxy Statement for the 2012 Annual Meeting of the Stockholders, stockholder submissions for nomination must be received at the office of the Company in care of Secretary, Home Properties, Inc., 850 Clinton Square, Rochester, New York 14604, on or prior to December 2, 2011.

Director Communications

Stockholders and other interested parties may communicate with the Board of Directors by sending written materials to the Board or any of the Directors, including the non-employee or independent Directors as a group and the Chair of the Corporate Governance/Nominating Committee, in care of Secretary, Home Properties, Inc., 850 Clinton Square, Rochester, New York 14604. They may also communicate confidentially or anonymously through use of the Company’s hotline at 1-877-888-0002. The Company’s Secretary will relay all relevant written communications to the Board of Directors or individual members designated by the stockholder or other interested party.

Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Committee is or has been an officer or employee of the Company or had any relationship that is required to be disclosed as a transaction with a related party.

Risk Oversight

The Board is actively involved in oversight of risks that could affect the Company. This oversight is conducted primarily through some of the committees of the Board, as disclosed in the descriptions of those committees and their charters. The full Board has retained overall responsibility for the general oversight of risks. The Board satisfies this responsibility through full reports by each committee chair regarding the committee’s considerations and actions, as well as through regular reports directly from officers responsible for oversight of particular risks within the Company.

Board Leadership Structure

The roles of Chief Executive Officer and Chair of the Board are separated in recognition of the differences between the two roles. The Chief Executive Officer is responsible for setting the strategic direction for the Company and the day-to-day leadership and performance of the Company, while the Chair of the Board provides guidance to the Chief Executive Officer and presides over meetings of the full Board. Because Nelson and Norman Leenhouts, our Co-Chairs, are not independent, the Board had appointed the Chair of the Corporate Governance/Nominating Committee, Clifford Smith, as lead Director to preside at all executive sessions of non-management Directors. With the retirement of Nelson and Norman Leenhouts from the Board of Directors and as Co-Chairs, the Board carefully considered the optimal leadership structure and determined that the separation of the roles of Chair of the Board and Chief Executive Officer continues to be the optimal structure. Following the Annual Meeting, and contingent upon his re-election to the Board, Clifford Smith will serve as Chair of the Board. It is expected that, as Chair, Clifford Smith will attend all of the Committee meetings as a non-voting member.

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BOARD COMMITTEES

Audit Committee

The Company has a separately designated standing Audit Committee. The Audit Committee operates under a written charter approved by the Committee and the Board. A copy of the charter is available on the Company's website at www.homeproperties.com under the heading "Investors/Governance Documents Highlights." In addition, the Company will provide a copy of the charter to anyone, without charge, upon written request addressed to the Corporate Secretary at Home Properties, 850 Clinton Square, Rochester, New York 14604.

The Audit Committee currently consists of Stephen Blank, Alan Gosule, Charles Koch and Paul Smith, each of whom has been determined by the Board to be an independent Director. Charles Koch was added as a member of the Audit Committee on March 1, 2010. Paul Smith served as Chair of this Committee until its February 2011 meeting. At the February 2011 Audit Committee meeting, Stephen Blank became Chair. Following the Annual Meeting, and contingent upon their re-election to the Board, the Audit Committee will consist of Stephen Blank, Alan Gosule and Charles Koch, with Stephen Blank continuing as Chair.

The Audit Committee assists the Board in fulfilling its responsibility for general oversight of the integrity of the Company's financial statements, the Company's compliance with applicable laws and regulations including the Company's own Code of Business Conduct and Ethics, and the Company's internal and disclosure controls and procedures. The Audit Committee also selects and oversees the Company's independent registered public accounting firm.

The Audit Committee also oversees the operation of the Company's risk management and risk assessment programs, including the identification of the primary risks to the Company's business and interim updates of those risks. The Company's Vice President-Internal Audit, who functionally reports directly to the Audit Committee, assists in identifying, evaluating and implementing risk management controls and methodologies to address identified risks. In connection with its risk management role, at each of its meetings the Audit Committee receives a written report from the Company's Vice President-Risk Management and meets separately with representatives from the Company's independent registered public accounting firm, the Company's Vice President–Internal Audit and the Company's senior financial executives and General Counsel. The Audit Committee provides thorough reports to the Board that describe these activities.

The Audit Committee has adopted procedures for the receipt, retention and treatment of concerns and complaints about accounting, internal controls and auditing matters. The Audit Committee oversees the existence of a "hot line" (1-877-888-0002) where such concerns and complaints can be reported anonymously.

The Board of Directors has reviewed the qualifications of each member of the Audit Committee and has determined that each member is independent as required by applicable securities laws and by the listing standards of the NYSE. No Audit Committee member serves on the audit committee of more than two other public companies. In the exercise of its business judgment, the Board of Directors has also determined that each member of the Audit Committee is financially literate. Finally, the Board has determined that each of Stephen Blank, Charles Koch and Paul Smith qualifies as an "audit committee financial expert" as defined by applicable SEC rules.

The Audit Committee works closely with management and the Company's independent registered public accounting firm. It meets quarterly to review the Company's financial statements, and on other occasions, on an as-needed basis. The Audit Committee met four times in 2010. Each of the members attended all of the Committee's meetings. The Audit Committee conducted a self-evaluation for 2010.

Compensation Committee

The Company has a separately designated Compensation Committee. The Compensation Committee operates under a written charter approved by the Committee and the Board. A copy of the charter is available on the Company's website at www.homeproperties.com under the heading "Investors/Governance Documents Highlights." In addition, the Company will provide a copy of the charter to anyone, without charge, upon written request addressed to the Corporate Secretary at Home Properties, 850 Clinton Square, Rochester, New York 14604.

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The Compensation Committee currently consists of Stephen Blank, Josh Fidler, Leonard Helbig and Clifford Smith, each of whom has been determined by the Board to be an independent Director. Leonard Helbig chairs this Committee. Following the Annual Meeting, and contingent upon their re-election to the Board, the Compensation Committee will consist of Alan Gosule, Leonard Helbig, Charles Koch and Thomas Lydon with Leonard Helbig continuing as Chair.

The Compensation Committee reviews and approves, at least annually, the Company’s goals and objectives relevant to compensation of the Company’s executive officers, including the Chief Executive Officer, reviews on an annual basis the performance of the Chief Executive Officer in light of those goals and objectives, recommends to the other Directors for approval the Chief Executive Officer’s annual compensation, approves the compensation levels of the other executive officers, reviews significant employee benefit programs, and establishes and administers executive compensation programs.

As part of its oversight of the Company’s executive compensation program, the Compensation Committee considers the impact of the Company’s executive compensation program, and the incentives created by the compensation awards that it administers, on the Company’s risk profile. In addition, the Committee reviews all of its compensation policies and procedures, including the incentives that they create and factors that may reduce the likelihood of excessive risk taking, to determine whether they present a significant risk to the Company.

The agenda for meetings of the Compensation Committee is determined by its Chair with the assistance of the Senior Vice President-Human Resources and the Company’s General Counsel. Compensation Committee meetings are regularly attended by the Chair of the Board, the Chief Executive Officer, the Senior Vice President-Human Resources, the Chief Financial Officer and the General Counsel so that those officers can provide information and answer questions about the Company’s compensation packages; employee, Company and business function performance; and competitive factors. At each meeting, the Compensation Committee meets in executive session to make its determinations with respect to compensation matters. The Compensation Committee’s Chair reports the Committee’s recommendation on executive compensation to the Board.

Independent advisors and the Company’s human resources department support the Compensation Committee in its duties and, along with the Chief Executive Officer and Senior Vice President-Human Resources, may be delegated authority by the Compensation Committee to fulfill certain administrative duties regarding the compensation programs. The Compensation Committee has sole authority under its charter to retain, approve fees for and terminate advisors, consultants and agents as it deems necessary to assist in the fulfillment of its responsibilities. It reviews the total fees paid to outside consultants by the Company to ensure that the consultants maintain their objectivity and independence when rendering advice to the Compensation Committee.

In 2010, the Compensation Committee retained the services of First Niagara Consulting Group (“First Niagara”) to assist with benchmarking activities as well as with an assessment of the possible risks associated with the Company’s compensation programs. In the Fall of 2010, the Compensation Committee also retained FPL Associates, L.P. (“FPL”) to review and provide guidance on the Chief Executive Officer’s new employment agreement, to review the Company’s existing annual incentive program and provide guidance and recommendations on alternatives or modifications to that program and to provide ongoing support to the Compensation Committee, including assistance with benchmarking. Neither First Niagara nor FPL provided other services to the Company in 2010 in excess of $120,000.

The Compensation Committee also consults with senior management and, in particular, the Chief Executive Officer and Senior Vice President-Human Resources in making determinations about the executive compensation program and the compensation of individual Executive Officers.

The Compensation Committee met six times in 2010. Each of the members of the Compensation Committee attended at least 75% of the Committee's meetings. The Compensation Committee conducted a self-evaluation for 2010.

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Corporate Governance/Nominating Committee

The Company has a separately designated Corporate Governance/Nominating Committee. The Corporate Governance/Nominating Committee operates under a written charter approved by the Committee and the Board. A copy of the charter is available on the Company's website at www.homeproperties.com under the heading "Investors/Governance Documents Highlights." In addition, the Company will provide a copy of the charter to anyone, without charge, upon written request addressed to the Corporate Secretary at Home Properties, 850 Clinton Square, Rochester, New York 14604.

Pursuant to its charter, the Corporate Governance/Nominating Committee at all times consists of at least three Directors, all of whom are independent Directors and two of whom are the Chairs of the Audit and Compensation Committees. This Committee currently consists of Stephen Blank, Alan Gosule, Leonard Helbig and Clifford Smith, each of whom has been determined by the Board to be an independent Director. Clifford Smith currently chairs the Corporate Governance/Nominating Committee. Following the Annual Meeting, and contingent upon their re-election to the Board, the Corporate Governance/Nominating Committee will consist of Stephen Blank, Alan Gosule and Leonard Helbig with Mr. Gosule serving as Chair.

The Corporate Governance/Nominating Committee identifies individuals qualified to become Board members consistent with criteria approved by the Board, evaluates the size, composition and organization of the Board, monitors implementation of specific corporate governance initiatives, reviews any stockholder proposals submitted to the Company and oversees the evaluation of the Board and the Chief Executive Officer. A description of the qualifications considered by the Corporate Governance/Nominating Committee for Board nominees and the procedure for stockholder nominations are described earlier in this Proxy Statement.

The Corporate Governance/Nominating Committee met four times in 2010. Each of the members of this Committee attended all of the Committee's meetings. The Corporate Governance/Nominating Committee conducted a self-evaluation for 2010.

Real Estate Investment Committee

The Company has a separately designated Real Estate Investment Committee. The Real Estate Investment Committee operates under a written charter approved by the Committee and the Board. A copy of the charter is available on the Company's website at www.homeproperties.com under the heading "Investors/Governance Documents Highlights." In addition, the Company will provide a copy of the charter to anyone, without charge, upon written request addressed to the Corporate Secretary at Home Properties, 850 Clinton Square, Rochester, New York 14604. The charter for the Real Estate Investment Committee requires that it consist of at least three Directors, at least a majority of whom shall be non-employee Directors.

Josh Fidler, Leonard Helbig, Nelson Leenhouts, Thomas Lydon, Edward Pettinella and Amy Tait are the current members of the Real Estate Investment Committee. Amy Tait chairs this Committee. Thomas Lydon was added as a member of this Committee effective January 1, 2011. Following the Annual Meeting, and contingent upon their re-election to the Board, the Real Estate Investment Committee will consist of Stephen Blank, Leonard Helbig, Thomas Lydon, Edward Pettinella and Amy Tait, with Amy Tait continuing as Chair.

The purpose of the Real Estate Investment Committee is to review potential acquisitions, dispositions and developments and to approve, or to recommend to the full Board for approval, acceptable transactions pursuant to the authorization parameters established by the Board.

The Real Estate Investment Committee met eight times in 2010. Each of the members of this Committee attended at least 75% of the Committee's meetings. The Real Estate Investment Committee conducted a self-evaluation for 2010.

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BOARD COMPENSATION

In 2010, the Company paid its non-employee Directors an annual stipend of $30,000. An additional stipend in the amount of $10,000 was paid to the Chair of each of the committees. Nelson and Norman Leenhouts were each paid an additional annual stipend of $100,000 for their services as Co-Chairs and for additional services to be rendered in connection with the Company’s development, acquisition and disposition activities. The Co-Chairs also receive an additional annual allowance in the amount of $30,000 to reimburse them for costs associated with offices and administrative support that were previously provided by the Company. Non-employee Directors were paid $1,400 for attendance (in person or by telephone) at each Board and committee meeting. All of the amounts are paid quarterly. In addition, in 2010, each of the non-employee Directors was issued 1,276 shares of restricted stock and 4,849 options pursuant to the Company’s 2008 Stock Benefit Plan. The options were issued at an exercise price of $49.35 per share, which was the closing price of a share of the Company’s Common Stock on the date of grant.

It is expected that the Board will consider whether to make any changes to Board compensation at its May 2011 meeting. At that time, it will also evaluate and approve any additional equity awards for the non-employee Directors.

Under the Second Amended and Restated Director Deferred Compensation Plan (the “Director Deferred Compensation Plan”) approved by the stockholders at the 2005 Annual Meeting, the non-employee Directors can defer up to 100% of their total annual cash compensation (including meeting fees) for three, five or ten years and their compensation in the form of restricted stock for five or ten years. The Company matches 10% of the deferred cash amount. The matching amount vests after three years. A "phantom" stock account is established for each of the Director and the Company contribution amounts. Each deferral and the Company contribution is reflected by crediting those accounts with the phantom equivalent of the number of shares of the Company's Common Stock that could be purchased with the amounts deferred and contributed at the Common Stock's fair market value (composite closing price on the New York Stock Exchange) as of the day before the compensation would otherwise have been paid, or with the number of shares of restricted stock deferred. Participants' accounts are also credited with the number of shares of the Company's Common Stock that could be purchased with hypothetical dividends that would be paid with respect to shares previously allocated to the accounts on the same date and at the same price that shares are purchased for participants in the dividend reinvestment feature of the Company's Dividend Reinvestment and Direct Stock Purchase Plan (the “DRIP”). Payments out of the deferred accounts, upon vesting or otherwise, are made by issuance of Common Stock, except in the event of payment by reason of a change in control in which event payment may be made in cash or by issuance of Common Stock at the election of the Compensation Committee. The Director Deferred Compensation Plan is designed to provide substantially the same benefits to the non-employee Directors as are provided to eligible employees under the Company's Deferred Bonus Plan (the “Deferred Bonus Plan”).

Directors of the Company who are employees of the Company do not receive any compensation for their services as Directors. All Directors are reimbursed for their expenses incurred in attending Directors' meetings.

The following table summarizes the compensation paid by the Company to non-employee Directors for the year ended December 31, 2010. There are no amounts to report in the Non-Equity Incentive Plan Compensation and the Change in Pension Value and Nonqualified Deferred Compensation Earnings columns so these have not been included in the table.

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2010 DIRECTOR COMPENSATION TABLE

Name(1)	Fees Earned or Paid in Cash ($)	Stock Awards ($)(2)	Option Awards ($)(3)	All Other Compensation ($)(4)	Total ($)
Stephen R. Blank	48,200	62,971	20,996	6,027	138,194
Josh E. Fidler	55,200	62,971	20,996	13,076	152,243
Alan L. Gosule	48,200	62,971	20,996	14,214	146,381
Leonard F. Helbig, III	80,600	71,031	20,996	21,772	194,399
Charles J. Koch	33,400	62,971	20,996	2,220	119,587
Thomas P. Lydon, Jr.	-	-	-	-	-
Nelson B. Leenhouts(5)	189,400	62,971	20,996	6,027	279,394
Norman P. Leenhouts(5)	192,200	82,191	20,996	14,058	309,445
Clifford W. Smith, Jr.	79,200	70,891	20,996	23,941	195,028
Paul L. Smith	72,200	62,971	20,996	13,076	169,243
Amy L. Tait	59,600	62,971	20,996	13,076	156,643

(1) Charles Koch became a director on March 1, 2010 and Thomas Lydon became a director on January 1, 2011.

(2) Each of the listed Directors, except for Thomas Lydon, was granted 1,276 shares of restricted stock on May 11, 2010. This column represents the grant date fair value on the date of issue in accordance with Accounting Standards Codification Topic 718 ("ASC Topic 718"). For additional information, refer to Note 10 of the Company's financial statements in the Form 10-K for the year ended December 31, 2010, as filed with the SEC ("2010 Form 10-K"). The 2010 Form 10-K also is included within the Annual Report delivered to stockholders with this Proxy Statement. To the extent that a Director has elected to participate in the Director Deferred Compensation Plan, this column also includes the value of the 10% Company match. Of the amounts listed in this column, the following amounts represent the value of the Company match: Leonard Helbig $8,060; Norman Leenhouts $19,220; Clifford Smith $7,920.

(3) Each of the listed Directors, except for Thomas Lydon, was granted options to purchase 4,849 shares of the Company's Common Stock on May 11, 2010. This column represents the grant date fair value on the date of issue in accordance with ASC Topic 718. This value was calculated using the Black-Scholes formula. The formula resulted in a grant date fair value of $4.33 per share. For additional information on the valuation assumptions with respect to the 2010 grants, refer to Note 10 of the Company's financial statements in the 2010 Form 10-K.

(4) This column includes: (a) dividends paid on all shares of restricted stock held by each of the listed Directors whether receipt of the restricted stock was deferred or not; plus (b) value of all hypothetical dividends paid in 2010 on the 10% Company match shares in the listed Director's deferred compensation account.

(5) In addition to the above amounts, Nelson Leenhouts and Norman Leenhouts received $1,916 and $483, respectively, in dividends paid in 2010 on shares of restricted stock issued to them when they were still employees of the Company.

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The following table shows the aggregate number of outstanding shares of restricted stock and options held by each non-employee Director at December 31, 2010.

Name(1)	Restricted Shares(2)	Unvested Options	Vested Options
Stephen R. Blank	2,917	9,649	1,200
Josh E. Fidler	5,955	14,321	5,432
Alan L. Gosule	5,955	14,321	26,232
Leonard F. Helbig III	7,530	14,321	12,232
Charles J. Koch	1,276	4,849	-
Thomas P. Lydon, Jr.	-	-	-
Nelson B. Leenhouts	3,466	15,356	41,115
Norman P. Leenhouts	4,955	16,854	17,164
Clifford W. Smith Jr.	7,530	14,321	19,232
Paul L. Smith	5,955	14,321	7,032
Amy L. Tait	5,955	14,321	12,232

(1) Charles Koch became a Director on March 1, 2010. Thomas Lydon became a Director on January 1, 2011.

(2) Some of the Directors deferred receipt of their restricted stock pursuant to the Director Deferred Compensation Plan. This column includes those shares as follows: Leonard Helbig-6,590 shares; Norman Leenhouts-4,015 shares; and Clifford Smith-6,590 shares.

CORPORATE GOVERNANCE

Code of Ethics

A significant part of the Company's culture is the focus on "doing the right thing." The Company has adopted a Code of Business Conduct and Ethics ("Code of Ethics") to embody the Company's commitment to continue to conduct business in accordance with the highest ethical standards. The Code of Ethics applies to all employees and Directors of the Company. The Code of Ethics covers such topics as conflicts of interest, proper use of Company property, complete and accurate reporting and disclosure of its business and financial results and compliance with laws. Each employee and each member of the Board of Directors is required on an annual basis to acknowledge that they have received a copy of and reviewed the Code of Ethics and to disclose any situation that may conflict with the provisions of the Code of Ethics.

The Company has also adopted a Code of Ethics for Senior Financial Officers ("Senior Financial Officer Code of Ethics") that applies to the Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer/Treasurer and Controller. These individuals also are required to comply with the Code of Ethics.

The Code of Ethics and Senior Financial Officer Code of Ethics meet the definition of "Code of Ethics" under the rules and regulations of the SEC and the listing standards of the NYSE. Both Codes are available on the Company's website at www.homeproperties.com under the heading "Investors/Governance Documents Highlights." In addition, the Company will provide a copy of the Codes to anyone without charge, upon written request addressed to the Corporate Secretary at Home Properties, Inc., 850 Clinton Square, Rochester, NY 14604. Amendments to the Code of Ethics and Senior Financial Officer Code of Ethics that apply to the Executive Officers and Directors of the Company and any waivers granted thereunder to those individuals will be posted on the Company's website. The Audit Committee of the Board of Directors monitors the implementation and enforcement of both Codes.

Corporate Governance Guidelines

The Board of Directors has adopted corporate governance guidelines (the "Guidelines") which meet the requirements of the listing standards of the NYSE and cover such topics as Director qualifications and responsibilities, Director access to management, and Director orientation and continuing education. Some specific policies included in the Guidelines follow.

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Retirement Age. The retirement age for Directors is 75.

Change of Employment. Any Director who changes jobs or employers or otherwise experiences a significant change in job responsibilities is to submit a letter to the Board offering to resign as a Board member.

Other Boards. Without the approval of the Corporate Governance/Nominating Committee, Directors may not serve on the Boards of more than two additional public companies.

Stock Ownership. Within five years of becoming a Director of the Company, Directors are required to have equity in the Company having a then current value of not less than $100,000.

Meeting Attendance. Directors are expected to attend each annual stockholders' meeting, all Board meetings and meetings of the Committees on which they serve. All of the then current Directors attended the 2010 Annual Meeting of Stockholders.

Executive Sessions. The non-management Directors are to meet at least quarterly in executive sessions and, at least once per year, without any Directors who are not independent Directors. The Chair of the Corporate Governance/ Nominating Committee presides at the executive sessions.

A copy of the Guidelines is available on the Company's website at www.homeproperties.com under the heading "Investors/Governance Documents Highlights." In addition, the Company will provide a copy of the Guidelines to anyone without charge, upon written request addressed to the Corporate Secretary at Home Properties, Inc., 850 Clinton Square, Rochester, NY 14604.

Executive Stock Ownership Guidelines

In keeping with its belief that aligning the financial interests of senior officers of the Company with those of the stockholders will result in enhanced stockholder value, in February 2011 the Board established ownership guidelines for those senior officers. These guidelines provide that, prior to February 2014 or within three years of joining the Company or a promotion, whichever is later, the following officers should own shares equal to the following respective multiple of their annual base salary: Chief Executive Officer-5 times; Executive Vice Presidents-3 times; and Senior Vice Presidents-2 times. As of December 31, 2010, all executive officers who have been employed by the Company for more than four years were in compliance with the guidelines.

A copy of the Executive Stock Ownership Guidelines is available on the Company's website at www.homeproperties.com under the heading "Investors/Governance Documents Highlights." In addition, the Company will provide a copy of the Executive Stock Ownership Guidelines to anyone without charge, upon written request addressed to the Corporate Secretary at Home Properties, Inc., 850 Clinton Square, Rochester, NY 14604.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

EXECUTIVE SUMMARY

The Company's executive compensation philosophy supports its mission of maximizing long-term value for stockholders by rewarding successful execution of its vision and short- and long-term strategic and operational goals, which are designed to achieve that mission. The Company believes that its success, in large part, is attributable to the performance and dedication of its employees and, in particular, to the leadership efforts of its executive officers. It is therefore important that the interests of executives be aligned closely with the interests of stockholders.

The Company's executive compensation program for its Chief Executive Officer, Chief Financial Officer and the three other most highly compensated Executive Officers (our "Named Executive Officers") has the following key objectives:

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- Attraction and Retention: The Company seeks to attract and retain highly capable executives both from within and outside the multifamily REIT industry by offering competitive total compensation.

- Motivation: The Company endeavors to motivate its executives to maximize the long-term value of the Company by achieving certain operational and financial goals, while at the same time not encouraging unnecessary or excessive risk taking.

- Linkage: The Company's executive compensation program is tied directly to the operating, financial and stock performance of the Company since the payout under the bonus plan and the value of equity awards are directly impacted by that performance. By ensuring that executives are rewarded in step with the Company's performance, their interests are aligned with the interests of the Company's stockholders.

The Company performed well in 2010 despite a challenging multifamily operating environment and a slow-moving economic recovery.

- The Company achieved industry-leading growth in Net Operating Income ("NOI") as demonstrated below. The multifamily peer group NYSE ticker symbols appear on charts below. (A description of the Company's calculation of NOI is contained in the 2010 Form 10-K on page 37.)

- The Company's five-year absolute and ten-year compound annual total returns were above average with the five-year return representing the second highest return among the Company's multifamily peer group.

- Total revenue increased over 2009 as did the occupancy rate at the Company’s properties.

- The Company’s dividend yield typically exceeds the multifamily peer group average.

In 2009, the Company also performed favorably. It again led the peer group included on two of the charts on page 15 in same-store NOI growth. In addition, five-year and ten-year total returns were well above average.

The Company’s 2009 and 2010 financial performance, including performance relative to peers, along with the individual performance of its executive officers, served as key factors impacting compensation decisions for 2010 in the following ways:

- In light of the expectation of a continuing challenging economic environment and resulting concerns about the Company’s expected performance in 2010, the Compensation Committee made very limited (ranging from 0% to 3%) base salary adjustments.

- Recognizing that the Company’s performance in 2009 also had been industry-leading and wanting to reward the Named Executive Officers for that performance and to further align the interests of those executives with the interests of the stockholders, compensation increases in 2010 were made in the form of additional equity grants.

- Funds from Operations (“FFO”) and NOI continue to be used as the key metrics to determine executives’ annual cash incentive awards. (A description of the Company’s calculation of FFO is contained on page 33 of the 2010 Form 10-K.) The Compensation Committee believes that those metrics represent a balanced and consistent tool for evaluating performance. In light of the fact that 2010 results exceeded expectations with respect to both those metrics, as well as the other achievements highlighted later in this Compensation Discussion and Analysis, the Compensation Committee recommended and the Board approved the payment of 100% of the bonus earned by each of the Named Executive Officers.

The balance of this Compensation Discussion and Analysis contains a detailed discussion and analysis of the Company’s executive compensation program, including information about 2010 compensation to the Named Executive Officers. Biographical information about the executive officers of the Company is included in the 2010 Form 10-K on pages 27-28.

Oversight of the Executive Compensation Program

The Compensation Committee (the “Committee”) is responsible for, among other things, establishing, administering and reviewing compensation plans and policies for executive officers and ensuring that these executive officers are compensated in a manner consistent with the philosophy and objectives outlined above. The Committee also reviews and approves the Company's goals and objectives relevant to compensation of the executive officers, considers the structure of the Company's compensation program as it applies to all employees and administers the Company’s stock option plans (including awards to the executive officers). When appropriate, the Committee recommends to the full Board changes to the executive and the general compensation plans. In addition, on an annual basis, the Committee makes specific compensation recommendations to the Board relating to the Company's Chief Executive Officer and approves the compensation for the other executive officers.

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For additional information on the members of the Committee and on the structure, scope of authority, and operation of the Committee, see "Compensation Committee" on page 8.

Setting Executive Compensation

Guiding Principles

It is the Committee's practice to provide a balanced mix of fixed compensation, in the form of salary and 401(k) savings plan match, and incentive compensation both short term, in the form of the annual cash incentive (bonus), and long term, in the form of options and restricted stock in order to align the current and long-term interests of executives with that of stockholders and to encourage executives to act in the interest of stockholders. The Committee takes into account the aggregate amount and mix of all components of compensation when considering compensation decisions affecting the Chief Executive Officer and the other executive officers. In addition, when reviewing executive compensation, the Committee also takes into account the appreciation or loss relating to options and restricted stock granted by the Company. Although the Committee does not target a specific level of compensation relative to industry peers, for a typical year it generally seeks to provide total compensation (consisting of base salary, annual incentives and equity incentives) between the 50th and 75th percentile of the market with factors such as market capitalization of the peers, an individual's job performance and length of service, the current recruiting or retention market for the position and the value of the position impacting where the compensation for a particular executive falls within that range. The Company's financial and relative performance in a particular year might cause the Committee to make decisions that cause compensation to fall outside of that range for all or some of the executive officers.

The Committee believes it is necessary to assess the components of compensation to ensure that each component contributes appropriately to the achievement of the objectives of the executive compensation program in order to provide a market-competitive level of compensation and benefits, as well as to ensure the health of the Company, which benefits employees and stockholders alike. The Committee considers whether any components of executive compensation might lead to excessive risk taking by management and has designed the executive compensation program to mitigate this possibility and ensure that compensation practices and decisions are consistent with the Company's general risk profile. It is the Committee's practice to discuss and evaluate data and make the most significant compensation decisions in a multi-step process over more than one meeting, so that Committee members have the ability to consider and discuss alternative courses of action, to request additional information as necessary and to raise and discuss related questions.

As part of its annual review process, the Committee reviews three tally sheets outlining the Chief Executive Officer's compensation: (1) a three-year computation of total compensation broken down by each individual compensation component; (2) equity grants and stock ownership; and (3) compensation payable as a result of the CEO's termination under various scenarios. Each component of compensation is evaluated, first separately, and then as a whole, against achievement of established financial performance measures, corporate objectives and peer group market data described below in "Competitive Benchmarking". All tally sheets are considered and influence the final recommendation regarding CEO compensation made by the Compensation Committee to the full Board for approval. The full Board considers written evaluations of the Chief Executive Officer's performance completed by each member of the Board. It also considers the performance evaluations completed by each of the executive officers who report directly to the CEO. The Board meets in executive session to approve each component of compensation for the Chief Executive Officer.

Role and Responsibilities

The Compensation Committee has sole authority under its charter to retain advisors and consultants as it deems appropriate. In 2010, the Committee retained First Niagara to assist it with its benchmarking activities relating to 2010 base salary adjustments and equity grants to the Named Executive Officers as well as with an assessment of the possible risks associated with the Company's compensation programs. In the Fall of 2010, the Committee also retained FPL to review and provide guidance on the Chief Executive Officer's new employment agreement, to review the Company's existing annual incentive program and provide guidance and recommendations on alternatives or modifications to that program and to provide ongoing support to the Compensation Committee, including assistance with benchmarking.

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In addition to considering input provided by its outside consultants, the Committee also considers input from the Chief Executive Officer and the Senior Vice President-Human Resources in making determinations regarding the overall executive compensation program and the individual compensation of the executive officers. In particular, the Chief Executive Officer annually reviews the performance of each of the executive officers. He also works with the Company's human resources department to evaluate each component of compensation paid to the other executive officers separately and then as a whole against industry data, peer data, achievement of corporate and personal objectives and financial performance. The conclusions reached by the Chief Executive Officer and his recommendations for each compensation component for each of the other executive officers are presented to the Committee. The Committee can exercise its discretion in modifying any recommended component of the executives' compensation.

Members of the Company's human resources department support the Committee and its work and, in some cases, act pursuant to delegated authority to fulfill various functions in administering the Company's compensation programs.

Competitive Benchmarking

As part of its consideration as to the appropriateness of the executive officers' compensation, the Committee reviews market data for executives in the multifamily sector classification of real estate companies and for executives in comparably-sized companies in other sectors of the real estate industry. The primary benchmark used in 2010 by the Committee for the Chief Executive Officer's compensation, as well as the compensation of the other Named Executive Officers, was the peer group in the multifamily REIT industry (the "Multifamily Peer Group"). This is substantially the same peer group that is used to calculate the NOI component of the bonus payable pursuant to the Company's Incentive Compensation Plan, although the peer group used for bonus purposes (the "Bonus Peer Group") includes two additional multifamily peers - Associated Estates Realty Corporation (AEC) and Post Properties, Inc. (PPS) - both of which are included in two of the charts on page 15. See "Annual Incentive Awards" beginning on page 20. The Multifamily Peer Group consists of companies against which the Committee believes it competes for talent and for stockholder investment. The Committee recognizes that the members of the Multifamily Peer Group vary in terms of the size of their market capitalization and takes this variation into account in its use of related data. In using the data, the Committee also takes into account the Company's financial performance as compared to that of the Multifamily Peer Group. In connection with compensation decisions made in 2010, the Multifamily Peer Group consisted of the following companies (whose NYSE ticker symbols appear in parenthesis).

- Apartment Investment & Management Company (AIV)
- AvalonBay Communities, Inc. (AVB)
- BRE Properties, Inc. (BRE)
- Camden Property Trust (CPT)
- Colonial Properties Trust (CLP)
- Equity Residential (EQR)
- Essex Property Trust, Inc. (ESS)
- Mid-America Apartment Communities, Inc. (MAA)
- UDR, Inc. (UDR)

The Committee also considers market data from a broader peer group consisting of 13 additional non-multifamily REITs considered reasonably comparable in size and business scope (the "Size-Comparable REIT Peers"). The companies selected represented a cross-section of business strategies, management structures, asset class and geographic footprints. For 2010, the Size-Comparable REIT Peers consisted of the following companies (whose NYSE ticker symbols appear in parenthesis).

- Brandywine Realty Trust (BDN)

- CBL and Associates Properties, Inc. (CBL)
- Corporate Office Properties Trust (OFC)
- Cousins Properties Incorporated (CUZ)
- Duke Realty Corporation (DRE)
- Federal Realty Investment Trust (FRT)
- First Industrial Realty Trust, Inc. (FR)
- Highwoods Properties, Inc. (HIW)
- Liberty Property Trust (LRY)
- MACK-CALI Realty Corporation (CLI)
- Regency Centers Corporation (REG)
- Taubman Centers, Inc. (TCO)
- Weingarten Realty Investors (WRI)

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The Compensation Committee will periodically review and update the companies that compose its benchmarking group.

Compensation data for both peer groups is taken from their most recently available proxy statements and analyzed by members of the Company's human resources department under the direction of the Committee with the assistance in 2010 of First Niagara. In order to have available more current data, the Compensation Committee decided that for 2009 and beyond it would delay all compensation decisions, except for the amount of the bonus payable with respect to service the prior year, for the Company's executive officers and the directors from its February meeting, when those decisions had historically been made, until its May meeting. By May, both peer groups should have issued their annual proxy statements. The amount of the bonus for the prior year's service will continue to be determined at the Committee's February meeting when actual results for the prior year are available.

Multifamily Peer Group and Size-Comparable REIT Peers' compensation data is supplemented by survey data (collectively, the "Survey Data") obtained from the National Association of Real Estate Investment Trusts ("NAREIT"), which is the trade association for REITs and publicly traded real estate companies with an interest in U.S. property and investment markets, and from Watson Wyatt and Mercer, global human resource consulting and survey firms. The compensation data from NAREIT reflects the real property sector classification (including multifamily and other real estate sectors) and the compensation data from Watson Wyatt and Mercer reflects services industry companies with comparable revenue within the New York/Northeast and Mid-Atlantic regions.

In 2010, for the Chief Executive Officer and the Chief Financial Officer, the Committee reviewed the Multifamily Peer Group data, the Size-Comparable REIT Peers and the aggregated data of the entire peer group to determine the appropriate level of compensation. For the other Named Executive Officers, peer group data is not as comparable as titles and the responsibilities associated with the positions vary from company to company. Therefore, with respect to other Named Executive Officers, the Committee and the Chief Executive Officer relied more heavily on the Survey Data in their compensation deliberations. In certain instances, some interpolation between market data points was made as the responsibilities associated with a Named Executive Officer's position did not match the responsibilities described as being associated with the data point.

Based on the data reviewed by the Committee, the Chief Executive Officer's total compensation for 2010 was set at approximately the 50th percentile of the amount paid to the CEOs of the combined Multifamily Peer Group and Size-Comparable REIT Peers in 2009. Also, the Chief Financial Officer's 2010 compensation was set at approximately the 50th percentile of the amount paid to CFOs of the combined peer group in 2009. The Committee set the remaining Named Executive Officers' 2010 total compensation ranging approximately between the 50th and the 60th percentile of the amount paid to similar executives (after some assessment of the comparability of responsibilities as described above.) Based on the positive relative financial and operational performance of the Company in 2009 and 2010 during a very unsettled economic environment, the Committee was and remains comfortable with the amount, balance and structure of the compensation provided to the Named Executive Officers in 2010.

2010 Executive Compensation Components

For 2010, the primary elements of compensation for the Named Executive Officers were:

- base salary,
- annual incentive awards,
- long-term equity incentive awards,
- deferred compensation, and
- retirement and other benefits.

The amount of cash compensation earned in 2010 in the form of salary and bonus in proportion to total compensation for the Named Executive Officers ranges from 40% to 53%, with the Chief Executive Officer receiving the lowest percentage of his total compensation in the form of cash. The Chief Executive Officer also received the highest percentage among the Named Executive Officers of his cash compensation in the form of bonus rather than salary. This is consistent with the Committee's philosophy that the proportion of an individual's total compensation that varies with Company performance should increase as the individual's total compensation and business responsibilities increase.

Base Salary

The Company provides Named Executive Officers and other employees with base salary to compensate them for services rendered during the fiscal year. Base salaries for the executive officers, including the Named Executive Officers, are established based on the individual's job responsibilities, performance and experience, including specific experience in the position, the Company's overall budget for merit increases and the competitive environment. On an annual basis, the Committee reviews and approves salary adjustments for the executive officers, other than the Chief Executive Officer, based on a review of competitive market data, an assessment of Company performance, as well as recommendations of the Chief Executive Officer. With respect to salary adjustments for the Chief Executive Officer, the Committee reviews competitive market data, assesses the annual performance reviews for the Chief Executive Officer completed by each member of the Board of Directors and his direct reports, assesses Company performance, and, after extensive discussion at a Committee executive session, makes a recommendation to the full Board for approval during a Board executive session. Based on the unsettled economic environment, the Committee recommended and the Board approved no base salary adjustment for the Chief Executive Officer in 2010 and no or minimal adjustments for the other Named Executive Officers.

The approved annual base salaries for the Named Executive Officers for 2010 are listed on the "Summary Compensation Table" on page 27.

Annual Incentive Awards

The Company's Amended and Restated Annual Incentive Plan (the "Bonus Plan") was approved by the Board in February 2005 and is an annual cash incentive program that motivates executive officers and certain other full-time employees to maximize the Company's annual operating and financial performance and reward participants based on the Company's annual performance. The Committee annually reviews the Bonus Plan to ensure it continues to provide the appropriate level and type of motivation consistent with the Company's strategic, operational and financial objectives.

Bonus Plan participants are eligible to earn a cash incentive award based upon the Company's performance on two measures: (1) growth in the Company's FFO on a per share diluted basis from the previous year, and (2) growth in "same-store" (for 2010, this was properties owned since January 1, 2009) NOI from the previous year as compared to the NOI growth for the Bonus Peer Group (see definition on page 18). When evaluating the appropriate metrics to use in the Bonus Plan, the Committee considered the Company's strategic, operational and financial objectives, as well as industry-specific metrics typically used by peers, investors and analysts for measuring financial success. FFO is considered by the Committee to be an important indicator of the Company's overall financial performance. Same-store NOI relative to the Bonus Peer Group is considered by the Committee to be an important driver of real estate property values and thus stockholder value. The Committee periodically reviews the Bonus Plan metrics and their respective weightings to ensure consistency with the Company's business objectives.

Prior to the 2009 bonus, the Bonus Plan was weighted 75% to FFO growth and 25% to relative NOI growth. For the 2009 bonus (payable in 2010), the Compensation Committee concluded that the NOI component was a better measure of success during difficult economic times because it measures performance relative to the Company's peers. Therefore, for purposes of calculating the 2009 bonus, the Compensation Committee used its discretion to decrease the FFO weighting to 50% and to increase the NOI weighting to 50%. In light of the continuing unsettled economic environment, the Committee decided to retain the equal weighting of the metrics for the 2010 bonus (payable in 2011).

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The Committee has discretion in determining the calculation of FFO for purposes of the Bonus Plan and may approve the exclusion, (in whole or in part) of certain non-recurring items from the Company's published FFO results based on extraordinary events such as catastrophic natural disasters or other adverse events outside of the control of management as well as the receipt of income not related to the operations of the Company's business. The Bonus Plan specifically provides that gains and losses on sale and impairment charges are not to be included in the calculation of FFO. For 2010, the Compensation Committee also approved the exclusion of expenses associated with 2010 acquisitions, since prior to recent accounting changes, those expenses would have been capitalized and had no impact on FFO. Any items excluded from the calculation of FFO in any year are also excluded from the base for purposes of calculating FFIO growth the following year.

Unlike bonus plans adopted by many in the Bonus Peer Group, the Company's Bonus Plan includes a range of possible outcomes rather than performance targets. The number of bonus units awarded with respect to each of the FFO and NOI metrics range from a floor of 4.0 bonus units to a ceiling of 12.0 bonus units, each multiplied by 50% to reflect the FFO/NOI weighting. If FFO or NOI are the same as the prior year, the participant receives 5.0 units. The number of units increases by one for each 1% growth in FFO or NOI over the prior year. If there is a decline in FFO or NOI, the number of units earned decreases by 0.5 for each 1% of decline. At the beginning of each year, the Committee reviews the ceiling and the floor of the Bonus Plan.

If industry conditions merit, the Committee recommends to the Board that the ceiling or floor be revised. The ceiling is intended to represent a difficult-to-achieve level of performance and the floor to represent a modest (but not poor) level of performance. If the increase in FFO or NOI growth exceeds 7% (which results in a payment at the ceiling level of 12.0 units) or if the decline in FFO or NOI exceeds 2% (which results in a payment at the floor level of 4.0 bonus units), the Compensation Committee has discretion in determining bonus unit award levels that it will recommend to the Board of Directors for approval. In such an event, the issues the Committee considers, among others, are economic conditions, the Company's performance relative to the Bonus Peer Group and extraordinary events.

At the beginning of each year, the Committee assigns a bonus factor to the Chief Executive Officer and, with input from the Chief Executive Officer, assigns a bonus factor to each of the other Named Executive Officers. Once the bonus units are calculated as described above, the same number of bonus units is used for each participant to calculate their bonus amount. The dollar amount of bonus varies among participants based on the bonus factor assigned to each participant as well as each participant's base salary. The uniform bonus unit amount is multiplied by the individual participant's assigned bonus factor. The result is treated as a percentage which is then applied to that participant's salary to arrive at the actual bonus amount earned, plus or minus discretionary factors. The Compensation Committee believes that the Company's executives are most able to directly impact the Company's performance from a FFO and NOI perspective and thus to directly impact the number of earned bonus units that will be paid to all participants. It is the Committee's philosophy that the proportion of an individual's total compensation that varies with individual and Company performance should increase as the individual's business responsibilities increase. For both of those reasons, the bonus factor assigned the Chief Executive Officer (13.0) is the highest currently available under the Bonus Plan. The bonus factor applied to the two Executive Vice Presidents (9.0) is the next highest assigned under the Bonus Plan and the factor applied to the Senior Vice Presidents (7.0) is the third highest assigned under the Bonus Plan. The Compensation Committee expects that, under normal economic conditions, the Chief Executive Officer will earn bonus payments approximately equal to 100% of his base salary and the other executives will earn bonus payments equal to approximately 50% to 75% of their base salaries. With 8.0 being at the mid-range of the bonus units that can be earned under the Bonus Plan (between 4.0 and 12.0 as described above), the bonus factors assigned to each of the executives are designed to accomplish the expected results. The bonus factor assigned to each of the Named Executive Officers for 2010 can be found on page 28 in footnote 4 to the "Summary Compensation Table". For performance in 2010, the Chief Executive Officer's bonus was 84% of his base salary. For the other Named Executive Officers, bonuses ranged from 45% to 58% of their base salaries.

The Committee has discretion to determine and recommend to the Board what portion of the annual cash bonus otherwise earned should be paid to the Chief Executive Officer. In making its determination as to what portion of the 2010 annual incentive (paid in 2011) should be paid to the Chief Executive Officer, the Committee considered a variety of factors including leadership and managerial competencies, execution of the Company's business plan and overall business strategy, the Company's absolute and relative financial performance, as well as results from the performance appraisals completed by directors and the Chief Executive Officer's direct reports. Specifically for 2010, the Committee considered the following:

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- The Company ranked number one in 2010 among the Bonus Peer Group in terms of relative same-store NOI growth.

- The Company ranked second in 2010 for net acquisitions as a percent of market capitalization, adding nine properties for a total of 2,614 units. The total acquisition price was $339 million and the properties produced an immediate positive impact on FFO.

- During 2010, the Company was able to maintain occupancy at its properties at approximately 95% with no material rental rate reduction.

- Management led several successful initiatives to improve the Company's liquidity such as refinancing $427 million of mortgages, including $281 million that were to mature in 2011 reducing the average interest rate from 5.99% to 4.68%.

The Committee considered the above factors, along with the very favorable evaluation of Mr. Pettinella by senior management and the Board, and in February 2011 recommended, and the Board approved, payment to the Chief Executive Officer of 100% of his earned 2010 annual incentive. With respect to determination of final annual incentive awards to other executive officers, including the Named Executive Officers other than the Chief Executive Officer, up to 50% of the award payment is discretionary. The Chief Executive Officer determines what portion of the annual incentive otherwise earned should be paid to the executive officers through the evaluation of three performance criteria: (1) results of the participant's department, (2) the participant's performance, and (3) the participant's relative influence on the Company's performance. Based on the Chief Executive Officer's consideration of all of these criteria, each of the other Named Executive Officers received 100% of the 2010 annual incentive earned under the Bonus Plan. From time to time, the Committee may decide to provide more than the amount of the incentive award earned under the Bonus Plan in recognition of extraordinary efforts. Reasons for this extra payment could include successful completion of a special project, singular leadership on an important initiative and a temporary or short-term significant increase in job responsibilities. No amounts in excess of the amounts earned under the terms of the Bonus Plan were awarded to the Named Executive Officers with respect to their 2010 annual incentive.

On an annual basis, the Company enters into a Bonus Repayment Agreement with each of the Named Executive Officers and all other executive officers as well as the Controller. The Agreement states that the Company may recover cash incentive compensation in the event of a restatement of financial results. Under the Agreement, each individual is required to return to the Company so much of the cash bonus paid to them for services rendered during the restated period that would not have been paid if the restated financial results originally had been stated correctly.

Part of the services being provided to the Compensation Committee by FPL Associates relates to a new annual incentive program. The Committee is continuing to work with FPL to finalize a structure for the new plan, which is expected to simplify the bonus structure and enhance transparency, while preserving the intent and key performance metrics in the existing plan.

Awards made to the Named Executive Officers under the Bonus Plan in 2011 for performance in 2010 are reflected in the "Summary Compensation Table" on page 27.

Long-Term Equity Incentive Awards

Equity incentive awards are provided to the Company's Named Executive Officers, as well as other key employees, in order to increase their personal stake in the Company's success and motivate them to enhance the long-term value of the Company. Although the Committee does not target a specific mix of equity versus cash compensation when setting awards each year, it does strive to deliver a relatively large portion of the Named Executive Officers' overall compensation in the form of equity. The "Summary Compensation Table" demonstrates that, in the aggregate, most of the increase in total compensation paid to the Named Executive Officers over the prior three years has been in the form of increased equity grants.

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By using a mix of stock options and restricted stock, the Company is able to encourage employees to seek long-term appreciation in the value of the Company's Common Stock and retain key employees. On an annual basis, the Committee reviews and approves the equity incentives to be issued to each of the Named Executive Officers for that year. At the same time, it makes a recommendation relating to the Chief Executive Officer to the full Board for approval at an executive session.

In determining equity incentive awards for 2010, the Committee reviewed stock compensation of the Chief Executive Officer and each of the other executive officers in light of various factors, including both Company and individual performance for the prior year, the other elements of their compensation, their overall equity interest in the Company, a comparison to the Multifamily Peer Group and the value of long-term compensation paid to other executive officers of the Company. For 2010, the Committee determined that a mix of approximately 75% restricted stock and 25% options was appropriate for the senior executives.

The level of stock awards to be granted is based on the dollar value of the grant when made rather than a fixed number of shares. The Committee adjusts the value and the mix on an annual basis depending on various factors including the competitiveness of the executive's overall total compensation and the executive's performance. There is no established target for long-term equity incentive awards for any of the Named Executive Officers either as a dollar value or as a percentage of their total compensation. Rather, the Compensation Committee reviews this component of each Named Executive Officer's total compensation on an annual basis.

The Committee recommended an increase in the equity value to be awarded to the Chief Executive Officer in 2010 to demonstrate confidence in his leadership and to continue to focus the Chief Executive Officer on increasing shareholder value. The Committee recommended and the Board approved an increase in equity value of $100,000 in Mr. Pettinella's equity value. To recognize the Chief Financial Officer's role in leading some successful capital market initiatives in 2010, the Committee approved an increase of $50,000 in Mr. Gardner's equity value.

Equity incentive awards made to the Named Executive Officers in 2010 are described in the "2010 Grants of Plan-Based Awards Information" on page 28.

The Committee follows a strict grant practice policy. As has always been the case, the value of restricted shares awarded and the exercise price of options granted is the price of a share of the Company's Common Stock as of the close of business on the grant date. With respect to the annual issuance of options and restricted stock, the grant date is set by the Compensation Committee at its first meeting each year and must: (1) be a business day on or after the date that the grant is approved by the Compensation Committee or the Board of Directors, as applicable; and (2) must occur during the trading window (pursuant to the Company's internal policies) next following the approval date. With respect to equity issuances to new employees, the grant date is the first day of the trading window following the date of the next regularly scheduled Compensation Committee meeting to occur following the hire date. This policy ensures that grants are made shortly after earnings announcements so that the market has fully adjusted for the results before the grants are made.

Deferred Compensation

The Company also has a Deferred Bonus Plan which permits certain employees, including the Named Executive Officers, to defer up to 100% of their annual cash bonus awarded under the Bonus Plan for three, five or ten years. As additional incentive for deferring the receipt of annual cash bonuses, the Company matches 10% of the amount deferred. The Company match vests after three years. The purpose of the Deferred Bonus Plan is to assist key employees with their individual tax and financial planning and to permit the Company to remain competitive in attracting, retaining, motivating and rewarding key employees who can directly influence the Company's operating results.

Further details with respect to the Deferred Bonus Plan and voluntary deferrals under that Plan are provided in the "2010 Summary Compensation Information" on page 26 and in "2010 Nonqualified Deferred Compensation" on page 32.

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Retirement and Other Benefits

All employees of the Company are eligible to participate in the Company's 401(k) Savings Plan and the Company's disability plan. In addition, the Named Executive Officers, and certain other employees, are eligible to participate in the Company's Supplemental Income Protection Plan.

401(k) Savings Plan

Under the 401(k) Savings Plan, all Company employees, including the Named Executive Officers, earn the right to receive certain benefits upon retirement. The Company will match 75% of the first 4% of each participant's contribution not to exceed up to 3% of that participant's eligible wages.

The Company believes that it has an appropriately competitive 401(k) Savings Plan for all of its employees and therefore does not provide any additional retirement benefits to executives.

Supplemental Income Protection Plan

The Supplemental Income Protection Plan is a long-term disability plan that provides, among other things, 75% income replacement for total disability and return-to-work benefits such as rehabilitation services and recovery benefits to employees who earn over $60,000, and who have been assigned a bonus factor under the Bonus Plan of 3% or higher. The Company affords this benefit to its key employees, including the Named Executive Officers, in order to provide competitive employee benefit programs and to help mitigate any loss of income by a key employee due to a long-term disability.

Health and Life Insurance

Health and life insurance benefits are provided to the Named Executive Officers on the same basis as they are provided to other employees of the Company.

Perquisites and Other Personal Benefits

The Committee has adopted and the Board has approved a policy of not providing perquisites to its executives unless they also are available to all other full-time employees of the Company. For example, the Company does not provide payment or reimbursement for costs associated with the use of Company vehicles, country club memberships, tax preparation and financial consulting fees or similar benefits frequently provided by other companies. The Company believes that other elements of its compensation program sufficiently attract and retain superior employees for key positions and there is no present need to provide perquisites and other personal benefits frequently provided by other companies.

Employment Agreements

In general, it is the Company's policy not to enter into employment agreements with, or provide executive severance benefits (other than change in control arrangements described below) to its executive officers. As a result, the Named Executive Officers serve at the will of the Board of Directors. The only exception to this policy is the individual employment agreement with Mr. Pettinella, which was originally entered into on May 17, 2004 (the "2004 Employment Agreement") and which was amended and restated effective January 1, 2007. The 2004 Employment Agreement as amended and restated provided that Mr. Pettinella would continue to serve as President and Chief Executive Officer of the Company until December 31, 2008. The term of the 2004 Employment Agreement subsequently was extended to December 31, 2010, with no other changes.

On December 29, 2010, the Company entered into a new employment agreement with Mr. Pettinella (the "2010 Employment Agreement"). The 2010 Employment Agreement was effective January 1, 2011. The Compensation Committee retained FPL to provide market information on chief executive officer compensation as well as to review the terms of the 2010 Employment Agreement to ensure that they were consistent with the market data. The 2010 Employment Agreement provides that Mr. Pettinella will continue to serve as President and Chief Executive Officer of the Company until December 31, 2013. It specifies a minimum base salary of $550,000 but does not specify a fixed incentive compensation or the level of stock option grants and restricted stock awards, each of which is at the discretion of the Compensation Committee of the Board of Directors. However, he is assured of the payment of a 2.9 multiple of his salary and bonus in the event that the agreement is terminated by the Company without cause or by Mr. Pettinella with good reason. The bonus payment is to be 2.9 times the greater of: (i) his target bonus for the year termination occurs; or (ii) the average bonus paid to Mr. Pettinella for services rendered in the three years prior to termination. In the event of such a termination, any performance-based equity awards would vest at the greater of: (i) the target amount (if any); or (ii) a pro-rata amount based on performance from the commencement of the performance period through the date of termination. He also is entitled to the continuation of his fringe benefits for two years following termination. Mr. Pettinella also is to receive benefits under the Company's Executive Retention Plan (described below) in the event his employment is terminated following a change in control. The Committee and the full Board believe that Mr. Pettinella's agreement is in the best interest of the Company and its stockholders in order to provide stability to the Company and that it is an appropriate expression of their confidence in Mr. Pettinella and represents a level of commitment to Mr. Pettinella that is necessary in order to retain the services of a talented executive in a competitive market. Mr. Pettinella's agreement also includes non-compete and confidentiality provisions, and the Committee and the full Board also believe that these commitments are of significant value to the Company and its stockholders.

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Change in Control Arrangements

In 1999, the Committee and the full Board determined that it was in the best interest of the Company and its stockholders to assure that the Company will have the continued dedication of its key executives and employees in the event of a threat or occurrence of a change in control. They continue to believe that it is in the best interests of the stockholders to diminish the inevitable distraction of these individuals because of personal uncertainties and risks created by possible consolidation in the REIT industry and to encourage the executives' full attention and dedication to the Company's business currently and in the event of any threatened or pending change in control. As a result, the Company adopted an Executive Retention Plan that provides for severance benefits to the Company's officers, including the Named Executive Officers, and certain employees, upon a change in control. The Committee and the full Board believe that the triggering events stipulated in the Executive Retention Plan for equity acceleration are appropriate so that key executives and employees remain with the Company despite a climate of industry consolidation.

In February 2011, the Board approved the adoption of an Amended and Restated Executive Retention Plan. The revised plan eliminated the excise tax gross-up payment to certain executives, including the Named Executive Officers, and the rights, under the earlier plan, of those executives to terminate employment for any reason during a 30-day window following the one-year anniversary of the change in control. The Committee and the full Board have reviewed the change in control plans of the Multifamily Peer Group described above and determined that the arrangements under the Executive Retention Plan as revised are competitive with those of other companies in the REIT industry. This Plan provides the executives and other employees with compensation and benefit arrangements upon a change in control that are designed to assure that such attention and dedication are likely. Severance benefits for the Named Executive Officers under the revised Executive Retention Plan provide that if, within two years following a change in control, an executive's employment is terminated by the Company other than for cause, or by the executive with good reason, the executive is eligible to receive: (1) two times base salary and two times the greater of: (a) the target bonus for the year termination occurs; or (b) the average bonus paid to the executive in the three years prior to termination; and (2) payment of accrued/deferred bonus amounts. In addition, all stock options and restricted stock outstanding become fully vested.

Pursuant to both the 2004 Employment Agreement and the 2010 Employment Agreement, the benefits to be paid to the Chief Executive Officer under the Executive Retention Plan are the same as those provided in the Executive Retention Plan to other Named Executive Officers, except that the Chief Executive Officer is paid three times his base salary and three times the bonus amount. The Committee believes that this level of change in control severance benefit is appropriate to ensure Mr. Pettinella's full attention to the Company's business and the stockholders' best interests in light of the consolidation environment in the REIT industry and in order to be competitive with the benefits provided by other companies in the REIT industry.

A more detailed description of the Executive Retention Plan and a schedule showing the amount of estimated payments and benefits payable to the Named Executive Officers upon various termination scenarios and a change in control are disclosed under "Potential Payments upon Termination or Change in Control" beginning on page 33.

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Tax Implications - Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code of 1986, as amended, limits the deductibility on the Company's tax return of compensation over $1 million to any of the Named Executive Officers of the Company unless, in general, the compensation is paid pursuant to a plan which is performance related, non-discretionary and has been approved by the Company's stockholders. The Company believes that, because it qualifies as a REIT under the Code and pays dividends sufficient to minimize federal income taxes, the payment of compensation that does not satisfy the requirements of Section 162(m) will generally not affect the Company's net income. The Compensation Committee's compensation policy and practices therefore are not directly guided by considerations relating to Section 162(m).

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Company has reviewed and discussed the above Compensation Discussion and Analysis with management and based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

Submitted by the Compensation Committee,

Leonard F. Helbig, III, Chair
Stephen R. Blank
Josh E. Fidler
Clifford W. Smith, Jr.

2010 SUMMARY COMPENSATION INFORMATION

As described in the "Compensation Discussion and Analysis", the Named Executive Officers are compensated with a combination of salary, non-equity incentive compensation, equity compensation and certain other benefits. Perquisites are not provided to executives unless they also are available to all other full-time employees of the Company.

Of the Named Executive Officers, only Edward Pettinella has an employment agreement. The level of incentive compensation and equity grants are, pursuant to the terms of both the 2004 Employment Agreement and the 2010 Employment Agreement, to be determined by the Compensation Committee and approved by the Board. There are no minimum or maximum levels provided in either Agreement, other than his current base salary of $550,000 is set as the minimum level for that component of his compensation under the 2010 Employment Agreement.

Prior to 2009, the Compensation Committee (and, in the case of the Chief Executive Officer, the Board of Directors) approved salary adjustments at their February meetings. The adjustments were effective in mid-March of each year. Beginning in 2009, the Compensation Committee (and in the case of the Chief Executive Officer, the Board of Directors) approves salary adjustments at their May meetings. This gives the Compensation Committee the opportunity to review more current data for the peer companies. It also results in salary adjustments and equity grants being considered and approved at the same time. Salary adjustments are retroactive to March 15.

The salaries listed therefore reflect the salary paid during the specified year at the level approved in February or May of the prior year, as applicable, for the period from January 1 to March 15 of the specified year and the salary level approved in February or May, as applicable, of the specified year for the period from March 16 to December 31 of that year.

Amounts listed in the table under Non-Equity Incentive Plan Compensation represent payments received by the Named Executive Officers under the Bonus Plan for services rendered in 2008, 2009 and 2010. Payment of the 2010 amount was approved by the Compensation Committee (and, in the case of the Chief Executive Officer, the Board of Directors) at their February 2011 meetings and payment was made in February 2011. The Bonus Plan is described in more detail in the above "Compensation Discussion and Analysis". For 2010, the Company reported FFO growth (calculated as provided in the Bonus Plan) of negative 1.75%, which produced 2.08 bonus units for the FFO metric. For 2010, the Company reported same-store NOI growth of 1.73%. This exceeded the Bonus Peer Group's reported results of negative 2.06% and produced 4.40 bonus units for the NOI growth metric for a total of 6.48 bonus units.

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Pursuant to the Deferred Bonus Plan, eligible employees, including the Named Executive Officers, can elect to defer up to 100% of their bonus under the Bonus Plan for three, five or ten years. The Company matches 10% of the amount deferred (referred to as the “10% Company Match”), which amount vests after three years. A "phantom" stock account is established for both amounts. Each deferral and 10% Company Match is reflected by crediting those accounts with the number of shares of the Company's Common Stock that could be purchased with the amounts deferred and contributed at the Common Stock's fair market value as of the day before the bonus would otherwise have been paid. The equivalent of dividends on those shares is also credited to the accounts at the time dividends are paid on the Company's Common Stock. Shares that could be purchased with the hypothetical dividends are credited to accounts at the same price that shares are purchased for participants under the dividend reinvestment feature of the Company's DRIP. Payments out of deferred accounts, upon vesting or otherwise, are made by issuance of Common Stock, except in the event of payment by reason of a change in control in which event payment may be made in cash or by issuance of Common Stock at the election of the Compensation Committee.

The following table sets forth the compensation paid to or earned by the Named Executive Officers during 2008, 2009 and 2010. There are no amounts to report in the Bonus and Change in Pension Value and Nonqualified Deferred Compensation Earnings columns so they have not been included. Annual cash incentives under the Company’s Bonus Plan are listed below under the Non-Equity Incentive Plan Compensation column.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)(1)	Stock Awards ($)(2)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)(4)	All Other Compensation ($)(5)	Total ($)
Edward J. Pettinella,	2010	550,000	1,089,993	329,999	463,335	110,258	2,543,585
President and Chief	2009	550,000	725,969	593,996	346,071	100,124	2,316,160
Executive Officer	2008	550,000	588,457	481,497	737,187	83,201	2,440,342
David P. Gardner,	2010	338,888	427,223	125,748	197,650	49,478	1,138,987
Executive Vice President	2009	334,970	276,624	226,348	145,913	48,328	1,032,183
and Chief Financial Officer	2008	320,000	276,647	226,347	296,943	43,018	1,162,955
Ann M. McCormick,	2010	285,000	326,204	108,750	166,222	41,409	927,585
Executive Vice President	2009	282,308	226,588	185,397	122,974	41,711	858,978
and General Counsel	2008	272,000	226,557	185,396	252,404	37,356	973,713
Scott A. Doyle,	2010	260,000	268,390	87,499	117,944	33,083	766,916

Senior Vice President	2009	257,933	157,258	125,098	87,388	30,893	658,570
	2008	250,000	156,387	120,596	180,437	26,015	733,435
John E. Smith,	2010	240,000	213,735	71,249	108,872	29,871	663,727
Senior Vice President	2009	240,000	156,720	128,249	81,312	30,103	636,384
	2008	240,000	151,222	123,746	173,220	25,971	714,159

(1) Each of the Named Executive Officers contributed a portion of their salary to the Company's 401(k) Savings Plan.

(2) This column represents the grant date fair value of restricted stock granted in the year indicated in accordance with ASC Topic 718 except, pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. Fair value for restricted stock is calculated using the closing price of the Company's Common Stock on the date of issuance. For additional information, refer to Note 10 of the Company's financial statements in the 2010 Form 10-K. To the extent that a Named Executive Officer has elected to participate in the Deferred Bonus Plan, this column also includes the value of the 10% Company Match. Of the amounts listed in this column, the following amounts represent that Match for 2008, 2009 and 2010 respectively: Mr. Doyle $9,022, $4,369 and $5,897.

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(3) This column represents the grant date fair value on the date of issue of options granted in the year indicated in accordance with ASC Topic 718. This value was calculated using the Black-Scholes formula. The formula resulted in a grant date fair value of $4.14 per shares. For additional information on the valuation assumptions with respect to the 2010 grants, refer to Note 10 of the Company's financial statements in the 2010 Form 10-K.

(4) This column represents the payments received by the Named Executive Officers for services rendered in the year indicated pursuant to the Company's Bonus Plan. The bonus factors assigned to the Named Executive Officers for each year are as follows: Mr. Pettinella – 13%; Mr. Gardner – 9%; Mrs. McCormick – 9%; Mr. Doyle – 7% and Mr. Smith – 7%. The following Named Executive Officer deferred a portion of the 2008, 2009 and 2010 payment pursuant to the Company's Deferred Bonus Plan as follows: Mr. Doyle $90,219, $43,694 and $58,972. The gross payment (before deferral) is listed in this column.

(5) This column represents (a) $6,900, $7,350 and $7,350 for 2008, 2009 and 2010, respectively for each of the Named Executive Officers as the Company's contribution under the Company's 401(k) Savings Plan plus (b) dividends paid in 2008, 2009 and 2010, respectively on all shares of restricted stock held by each of the Named Executive Officers as follows: Mr. Pettinella $76,301, $92,774 and $102,908; Mr. Gardner $35,577, $40,471 and $41,897; Mrs. McCormick $29,293, $33,221 and $33,492; Mr. Doyle $18,302, $21,715 and $23,825; and Mr. Smith $19,071, $22,903 and $22,671 plus (c) the value of all hypothetical dividends paid in 2008, 2009 and 2010, respectively on the 10% Company Match shares in the accounts of the following Named Executive Officers pursuant to the Company's Deferred Bonus Plan: Mr. Gardner $541, $507 and $231; Mrs. McCormick $1,163, $1,140 and $567; and Mr. Doyle $813, $1,828 and $1,908.

2010 GRANTS OF PLAN-BASED AWARDS INFORMATION

All stock options and shares of restricted stock were issued pursuant to the Company's 2008 Stock Benefit Plan.

Prior to the exercise of an option, the holder has no rights as a stockholder with respect to the shares subject to such option, including voting rights and the right to receive dividends or dividend equivalents. Individuals receiving restricted stock awards have voting rights and are entitled to receive dividends or dividend equivalents prior to vesting.

To further enforce the Company's focus on long-term stock appreciation and support retention of key executive talent, stock options generally vest 20% per year over the first five years of the ten-year option term and restricted stock grants generally vest 25% per year over a four-year period. However, in the event of termination of employment due to total disability, death, or retirement, stock options vest immediately and are exercisable for the lesser of one year or the remaining option term, except that for Executive Officers, stock options do not vest automatically upon retirement but continue to vest as scheduled. Additionally, in the event the Company terminates the employment of an option holder for any reason except "good cause," stock options held for more than one year prior to the termination date vest immediately and are exercisable for the lesser of one year or the remaining option term. Restricted stock vests upon termination of employment due to total disability or death. In the event of retirement, restricted stock awards continue to vest as scheduled. Upon a change in control, stock options and restricted stock outstanding as of the change in control date vest immediately, except for equity issued under the Company's 2000 Stock Benefit Plan, which requires termination of employment for vesting to occur.

The following table provides information about plan-based awards granted to the Named Executive Officers in 2010. These awards consist of stock options, restricted stock, cash paid pursuant to the Bonus Plan and, if applicable, the value of the 10% Company Match made pursuant to the Deferred Bonus Plan. There are no amounts to be reported in the Estimated Future Payouts Under Equity Incentive Plan Awards column so it has not been included.

The stock options granted to the Named Executive Officers have the same term (ten years) and vesting (20% per year) as the options granted to other employees in 2010. Restricted shares granted to the Named Executive Officers vest on the same terms as the restricted shares granted to other employees in 2010 (25% per year). The only criteria for vesting is continued employment.

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The phantom shares issued in connection with the 10% Company Match vest after three years. The only criteria for vesting is continued employment.

2010 GRANTS OF PLAN-BASED AWARDS

Name	Plan Name	Grant Date(1)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(2) Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units (#)(3)	All Other Option Awards: Number of Securities Underlying Options (#)(4)	Exercise or Base Price of Option Awards ($/Sh)(5)	Grant Date Fair Value of Stock and Option Awards ($)(6)
Edward J. Pettinella	Bonus Plan		286,000	572,000	858,000				
	Stock Plan-Options	5/11/10					79,710	49.35	329,999
	Restricted Stock	5/11/10				22,087			1,089,993
David P. Gardner	Bonus Plan		122,000	244,000	366,000				
	Stock Plan-Options	5/11/10					30,374	49.35	125,748
	Restricted Stock	5/11/10				8,657			427,223
Ann M. McCormick	Bonus Plan		102,600	205,200	307,800				
	Stock Plan-Options	5/11/10					26,268	49.35	108,750
	Restricted Stock	5/11/10				6,610			326,204
Scott A. Doyle	Bonus Plan		72,800	145,600	218,400				
	Stock Plan-Options	5/11/10					21,135	49.35	87,499
	Restricted Stock	5/11/10				5,319			262,493
	Deferred Bonus Plan	2/24/11				104			5,858
John E. Smith	Bonus Plan		67,200	134,400	201,600				
	Stock Plan-Options	5/11/10					17,210	49.35	71,249

	Restricted Stock	5/11/10	4,331	213,735

(1) In 2009, the Board of Directors formalized its grant practice policy. As has always been the case, the value of restricted shares awarded and the exercise price of options granted is the price of a share of the Company's Common Stock as of the close of business on the grant date. With respect to the annual issuance of options and restricted stock, the grant date is set by the Compensation Committee at its first meeting each year and must: (1) be a business day on or after the date that the grant is approved by the Compensation Committee or the Board of Directors, as applicable; and (2) must occur during the trading window (pursuant to the Company's internal policies) next following the approval date. In 2010, the Compensation Committee approved the equity awards to the Named Executive Officers, other than Mr. Pettinella, on May 3, 2010 and the Board approved equity awards to Mr. Pettinella on May 4, 2010. The Compensation Committee selected May 11, 2010, the first day of the first trading window following the approval date, as the grant date. The restricted stock is valued and the option exercise price for the 2010 grants is based on the closing price of the Company's Common Stock on May 11, 2010.

(2) These columns represent amounts that could have been paid to the Named Executive Officers under the Company's Bonus Plan for services rendered in 2010 if the Company's financial performance fell within the specified ceiling and floor of expected performance. That Plan is described in more detail in the "Compensation Discussion and Analysis." The Bonus Plan does not provide for a "target" payout. The median between the threshold and maximum is therefore included as the target. The actual amounts paid in February 2011 for services rendered in 2010 are listed under 2010 in the "Summary Compensation Table" on page 27.

(3) This column represents restricted stock awarded to each of the Named Executive Officers in 2010 and phantom shares credited to the deferred bonus account of Mr. Doyle, in connection with the 2010 10% Company Match under the Deferred Bonus Plan. While Mr. Doyle's phantom shares were credited in 2011 when the bonus relating to the 2010 service was paid, they are included in the table since they relate to 2010 compensation. Only Mr. Doyle deferred any portion of his 2010 bonus.

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(4) This column represents options granted to the Named Executive Officers in 2010.

(5) The exercise price is the closing price ($49.35) on the grant date (May 11, 2010) as provided in the 2008 Stock Benefit Plan.

(6) For stock options, grant date fair value is calculated using the Black-Scholes formula. For additional information on the valuation assumptions, refer to Note 10 of the Company's financial statements in the 2010 Form 10-K. For options, the Black-Scholes formula resulted in a grant date fair value of $4.14 per share. For restricted stock, the grant date fair value is calculated using the closing price ($49.35) of a share of the Company's Common Stock on the award date (May 11, 2010). The grant date fair value for both the option grants and restricted stock awards are computed in accordance with ASC Topic 718. For Mr. Doyle, the value of the phantom shares is equal to the actual amount of 10% Company Match.

OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2010

The following table provides information about unexercised options and restricted stock that has not vested, both of which were issued under the 2008 Stock Benefit Plan or previous stock benefit plans. It also includes all phantom shares in the Named Executive Officers' accounts under the Deferred Bonus Plan that were credited to the accounts as a result of the 10% Company Match but only to the extent that the phantom shares have not vested. There are no unearned options or shares under the Company's equity incentive plans so related columns are not included.

	Option Awards(1)				Stock Awards		
Name	Number of Securities Underlying Unexercised Options (Exercisable) (#)	Number of Securities Underlying Unexercised Options (Unexercisable) (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)		Market Value of Shares or Units of Stock That Have Not Vested ($)
Edward J. Pettinella	50,000	-	30.150	07/31/11	46,499	(2)	2,580,230
	50,000	-	34.650	08/05/12			
	50,000	-	36.850	08/05/13			
	55,000	-	38.830	08/03/14			
	65,000	-	41.950	05/06/15			
	52,000	13,000	51.060	05/04/16			
	38,919	25,945	55.500	05/01/17			
	32,772	49,157	52.560	05/01/18			
	24,958	99,831	33.900	05/11/19			
	-	79,710	49.350	05/11/20			
David P. Gardner	3,194	-	30.150	07/31/11	18,702	(3)	1,037,774
	15,000	-	34.650	08/05/12			
	15,000	-	36.850	08/05/13			
	15,000	-	38.830	08/03/14			

	25,000	-	41.950	05/06/15			
	20,000	5,000	51.060	05/04/16			
	18,292	12,194	55.500	05/01/17			
	15,406	23,108	52.560	05/01/18			
	9,511	38,041	33.900	05/11/19			
	-	30,374	49.350	05/11/20			
Ann M. McCormick	15,000	-	30.150	07/31/11	14,837	(4)	823,305
	15,000	-	34.650	08/05/12			
	15,000	-	36.850	08/05/13			
	15,000	-	38.830	08/03/14			