EQUITY LIFESTYLE PROPERTIES INC
Form DEF 14A
March 31, 2011

Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
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 þ
Filed by a Party other than the Registrant o
Check the appropriate box:

o Preliminary proxy statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
þ Definitive proxy statement
o Definitive additional materials
o Soliciting Material pursuant to § 14a-12

Name of Registrant as Specified in its Charter:

Equity LifeStyle Properties, Inc.

Name of Person(s) Filing Proxy Statement if other than the Registrant:
N/A
Payment of filing fee (check the appropriate box):

þ No fee required.

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

1. Title of each class of securities to which transaction applies:
2. Aggregate number of securities to which transaction applies:
3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
4. Proposed maximum aggregate value of transaction:
5. Total fee paid:

o Fee paid previously with preliminary materials.

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

1. Amount previously paid:
2. Form, Schedule or Registration Statement No.:
3. Filing party:
4. Date filed:

Table of Contents

EQUITY LIFESTYLE PROPERTIES, INC.
Two North Riverside Plaza, Suite 800
Chicago, Illinois 60606

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held On May 11, 2011

You are cordially invited to attend the 2011 Annual Meeting of Stockholders (the Annual Meeting) of Equity LifeStyle Properties, Inc., a Maryland corporation (the Company). The Annual Meeting will be held on Wednesday, May 11, 2011, at 9:00 a.m. Central Time at Two North Riverside Plaza, Twenty-Fourth Floor, Chicago, Illinois, 60606. At the Annual Meeting, common stockholders of record at the close of business on March 4, 2011 (the Record Date) will be asked to:

(1) Elect each member of the Company s Board of Directors to a one-year term;

(2) Ratify the selection of Ernst & Young LLP as the Company s independent registered public accounting firm for 2011;

(3) Conduct a non-binding advisory vote on executive compensation;

(4) Conduct a non-binding advisory vote on the frequency of stockholder votes on executive compensation; and

(5) Consider any other business properly brought before the Annual Meeting and at any adjournments or postponements thereof.

The attached Proxy Statement contains details of the proposals to be voted on at the Annual Meeting. We encourage you to read the Proxy Statement carefully.

Only common stockholders of record 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 thereof.

Your vote is important to us. Whether or not you plan to attend the Annual Meeting, please complete, sign, date and return the enclosed proxy card in the postage-prepaid envelope provided. For specific instructions on voting, please refer to the instructions on the proxy card or the information forwarded by your broker, bank or other holder of record. If you attend the Annual Meeting, you may vote in person if you wish, even if you have previously signed and returned your proxy card. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote in person at the Annual Meeting, you must obtain a proxy issued in your name from such broker, bank or other nominee.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING TO BE HELD ON MAY 11, 2011.

The Company s Proxy Statement for the 2011 Annual Meeting and the 2010 Annual Report and Annual Report on Form 10-K for the year ended December 31, 2010 are available at

www.amstock.com/ProxyServices/ViewMaterial.asp?CoNumber=26115.

Thank you for your continued support of Equity LifeStyle Properties, Inc.

By Order of the Board of Directors

Kenneth A. Kroot
Senior Vice President, General Counsel
and Secretary

March 31, 2011

TABLE OF CONTENTS

Introduction	1
Questions and Answers About the Annual Meeting	1
Corporate Governance:	
Governance Policies, Code of Ethics and Committee Charters	4
Stockholder Communications with the Board	4
Non-Management Directors Executive Sessions	4
Board Leadership Structure and Role in Risk Oversight	5
Committees of the Board; Meetings	5
Board Member Nominations	6
Executive Officers Biographical Information	7
Proposal No. 1 Election of Directors:	
Independence of Directors	9
General Information about the Nominees	9
Biographical Information	9
Director Compensation	12
Proposal No. 2 Ratification of Selection of Independent Registered Public Accounting Firm	14
Audit Committee Report	15
Executive Compensation:	
Compensation Discussion and Analysis	16
Compensation Committee Report	25
Summary Compensation Table	26
Grants of Plan-Based Awards	28
Outstanding Equity Awards at Fiscal Year End	29
Option Exercises and Stock Vested	29
Narrative Disclosure of our Compensation Policies and Practices as they Relate to Risk	30
Compensation Committee Interlocks and Insider Participation	30
Proposal No. 3 Non-Binding Advisory Vote on Executive Compensation	31
Proposal No. 4 Non-Binding Advisory Vote on Frequency of Stockholder Votes on Executive Compensation	32
Security Ownership of Certain Beneficial Owners	33
Security Ownership of Management	35
Certain Relationships and Related Transactions	36
Section 16(a) Beneficial Ownership Reporting Compliance	39
Stockholder Proposals for the 2012 Annual Meeting	39
2010 Annual Report	39
Householding of Proxy Materials	39
Other Matters	40

Table of Contents

EQUITY LIFESTYLE PROPERTIES, INC.
Two North Riverside Plaza, Suite 800
Chicago, Illinois 60606

PROXY STATEMENT

INTRODUCTION

This Proxy Statement contains information related to the 2011 Annual Meeting of Stockholders (the Annual Meeting) of Equity LifeStyle Properties, Inc., a Maryland corporation (the Company), which will be held on Wednesday, May 11, 2011, at 9:00 a.m. Central Time at Two North Riverside Plaza, Twenty-Fourth Floor, Chicago, Illinois, 60606. On or about April 8, 2011, we will begin mailing these proxy materials to all stockholders of record at the close of business on March 4, 2011 (the Record Date).

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

What is the Purpose of the Annual Meeting?

At the Annual Meeting, stockholders will vote on the following proposals (the Proposals):

Proposal 1 election of all directors to a one-year term;

Proposal 2 ratification of the selection of Ernst & Young LLP (Ernst & Young), as our independent registered public accounting firm (Independent Accountants) for the fiscal year ending December 31, 2011;

Proposal 3 non-binding advisory vote on executive compensation; and

Proposal 4 non-binding advisory vote on frequency of stockholder votes on executive compensation.

In addition, stockholders shall consider any other business properly brought before the Annual Meeting.

We have sent these proxy materials to you because our Board of Directors (the Board) is requesting that you allow your shares of common stock of the Company (Common Stock) to be represented at the Annual Meeting by the proxies named in the enclosed proxy card. This Proxy Statement contains information that we are required to provide you under the rules of the Securities and Exchange Commission (SEC) and that is designed to assist you in voting your shares of Common Stock.

Who Is Entitled to Vote?

You will be entitled to vote your shares of Common Stock on the Proposals if you held your shares of Common Stock at the close of business on the Record Date. As of the Record Date, a total of 31,191,857 shares of Common Stock were outstanding and entitled to vote. Each share of Common Stock entitles its holder to cast one vote for each matter to be voted upon.

What Is Required to Hold the Annual Meeting?

The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the shares of Common Stock outstanding and entitled to vote on the Record Date will constitute a quorum permitting business to be conducted at the Annual Meeting. If you have returned valid proxy instructions or you attend the Annual Meeting and vote in person, your shares of Common Stock will be counted for purposes of determining whether there is a quorum, even if you abstain from voting on any or all matters introduced at the Annual Meeting.

How Do I Vote?

Your vote is important. Stockholders can vote in person at the Annual Meeting or can vote by completing, signing and dating the enclosed proxy card and mailing it in the postage-paid envelope provided.

If you vote by proxy, the individuals named as representatives on the proxy card will vote your shares of Common Stock in the manner you indicate. You may specify whether your shares of Common Stock should be voted: (1) for all, some or none of the nominees for director, (2) for or against Proposal 2, (3) for or against Proposal 3, and (4) for one year, two years, three years or abstain on Proposal 4. If your shares of Common Stock are held by a broker, bank or other nominee (i.e., in street name), you will receive instructions from your nominee which you must follow in order to have your shares of Common Stock voted. Such stockholders who wish to vote in person at the Annual Meeting will need to obtain a proxy form from the broker, bank or other nominee that holds their shares of Common Stock of record.

Can I Change or Revoke My Proxy?

Yes, you may change your proxy at any time before the Annual Meeting by timely delivery of a properly executed, later-dated proxy or by voting in person at the Annual Meeting. You may revoke your proxy by filing a written notice with our secretary at our address at any time before the Annual Meeting. The powers of the proxy holders will be suspended if you attend the Annual Meeting in person and request that they be so suspended. However, attendance (without further action) at the Annual Meeting will not by itself revoke a previously granted proxy.

What Are the Board s Recommendations?

If no instructions are indicated on your valid proxy, the representatives holding your proxy will vote in accordance with the recommendations of the Board. The Board unanimously recommends a vote:

FOR the election of each of the nominees for director;

FOR the ratification of the selection of Ernst & Young as the Company s Independent Accountants for 2011.

FOR the executive compensation as disclosed in this Proxy; and

FOR an advisory vote on executive compensation to be held every year.

With respect to any other matter that properly comes before the Annual Meeting or any adjournment or postponement thereof, the representatives holding proxies will vote as recommended by the Board, or if no recommendation is given, in their own discretion.

How Can I Manage the Number of Annual Reports I Receive?

Our 2010 Annual Report and Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (Form 10-K) has been mailed to stockholders with this Proxy Statement. If you share an address with any of our other stockholders, your household might receive only one copy of these documents. To request individual copies for each stockholder in your household, please contact Equity LifeStyle Properties, Inc., Attn: Investor Relations, at Two North Riverside Plaza, Suite 800, Chicago, Illinois 60606 (toll-free number: 1-800-247-5279 or email: investor_relations@equitylifestyle.com). To ask that only one set of the documents be mailed to your household, please contact your bank, broker or other nominee or, if you are a stockholder of record, please call our transfer agent, American Stock Transfer and Trust Company, LLC toll-free at 1-800-830-9942.

What Vote is Needed to Approve Each Proposal?

Following are the votes needed in order for each Proposal to be approved at the Annual Meeting. For all Proposals a quorum must be present at the Annual Meeting.

Proposal 1: The affirmative vote of the holders of record of a plurality of all of the votes cast is necessary for the election of the nominees for director.

Table of Contents

Proposal 2: The affirmative vote of the holders of record of a majority of all the votes cast is required for the ratification of the selection of Ernst & Young as our Independent Accountants for 2011.

Proposal 3: The affirmative vote of the holders of record of a majority of all the votes cast is required for the non-binding approval of the executive compensation of our named executive officers as disclosed in the Proxy.

Proposal 4: The one-year, two-year or three-year frequency receiving the affirmative non-binding vote of the holders of record of a majority of all votes cast will be the frequency approved. In the event that no option receives a majority of the votes cast, we will consider the option that receives the most votes to be the option selected by stockholders.

Other Matters: The affirmative vote of the holders of record of a majority of all votes cast is required for the approval of any other matters properly presented at the Annual Meeting for stockholder approval.

We will treat abstentions as shares that are present and entitled to vote for purposes of determining the presence or absence of a quorum. Abstentions do not constitute a vote for or against any matter being voted on at the Annual Meeting and will not be counted as votes cast. Therefore, abstentions will have no effect on any of the proposals. Broker non-votes, or proxies from brokers or nominees indicating that such broker or nominee has not received instructions from the beneficial owner or other entity entitled to vote such shares on a particular matter with respect to which such broker or nominee does not have discretionary voting power, will be treated in the same manner as abstentions for purposes of the Annual Meeting. If you are a beneficial owner whose shares of Common Stock are held of record by a broker, your broker has discretionary voting authority under New York Stock Exchange (NYSE) rules to vote your shares on Proposal 2 even if the broker does not receive voting instructions from you. However, under NYSE rules, your broker does not have discretionary authority to vote on Proposal 1, 3 and 4 without instructions from you, in which case a broker non-vote will occur and your shares of Common Stock will not be voted on these matters. None of the proposals, if approved, entitle any of the stockholders to appraisals rights under Maryland law or our declaration of trust.

How is My Vote Counted?

If you properly execute a proxy in the accompanying form, and if we receive it prior to voting at the Annual Meeting, the shares of Common Stock that the proxy represents will be voted in the manner specified in the proxy. If no specification is made, the Common Stock will be voted **for** the election of the nominees for director named in this Proxy Statement, **for** ratification of the selection of Ernst & Young as our Independent Accountants for 2011, **for** the executive compensation as disclosed in this Proxy Statement, **for** an advisory vote on executive compensation to be held every year, and as recommended by the Board with regard to all other matters in its discretion. It is not anticipated that any matters other than those set forth in this Proxy Statement will be presented at the Annual Meeting. If other matters are presented, proxies will be voted in accordance with the discretion of the proxy holders. In addition, no stockholder proposals or nominations were received on a timely basis, so no such matters may be brought to a vote at the Annual Meeting.

What Other Information Should I Review Before Voting?

For your review, our 2010 Annual Report and Annual Report on Form 10-K is being mailed to you concurrently with the mailing of this Proxy Statement. You may also obtain, free of charge, a copy of our 2010 Annual Report and Annual Report on Form 10-K at *www.amstock.com/ProxyServices/ViewMaterial.asp?CoNumber=26115* or by directing your request in writing to Equity LifeStyle Properties, Inc., Attn: Investor Relations, Two North Riverside Plaza, Suite 800, Chicago, Illinois 60606 (toll-free number: 1-800-247-5279 or email: investor_relations@equitylifestyle.com). The 2010 Annual Report and Annual Report on Form 10-K, however, are not part of the proxy solicitation material.

Who is Soliciting My Proxy?

This solicitation of proxies is made by and on behalf of our Board. We will pay the cost of solicitation of the proxies. We have retained American Stock Transfer and Trust Company, LLC to assist, at a *de minimis* cost, in

3

the solicitation of proxies. In addition to the solicitation of proxies by mail, our directors, officers and employees may solicit proxies personally or by telephone at a *de minimis* cost.

No person is authorized on our behalf to give any information or to make any representations with respect to the Proposals other than the information and representations contained in this Proxy Statement, and, if given or made, such information and/or representations must not be relied upon as having been authorized, and the delivery of this Proxy Statement shall not, under any circumstances, create any implication that there has been no change in our affairs since the date hereof.

CORPORATE GOVERNANCE

Governance Policies, Code of Ethics and Committee Charters

The Board regularly evaluates the Company s corporate governance policies and benchmarks those policies against the rules and regulations of governmental authorities, the best practices of other public companies and suggestions received from various authorities. The Board has adopted the Company s Guidelines on Corporate Governance. The Company s Guidelines on Corporate Governance require that a majority of the directors be independent within the meaning of NYSE standards. The Company s Common Stock is listed on the NYSE under the ticker symbol ELS. The Company has also adopted a Business Ethics and Conduct Policy, which applies to all directors, officers and employees of the Company.

The Guidelines on Corporate Governance, the Business Ethics and Conduct Policy and the charters of the Board s Audit Committee and Compensation, Nominating and Corporate Governance Committee are each available on the Company s website at *www.equitylifestyle.com*, and a copy of same may be obtained free of charge by sending a written request to Equity LifeStyle Properties, Inc., Attn: Investor Relations, Two North Riverside Plaza, Suite 800, Chicago, Illinois 60606, or by emailing the Company s Investor Relations Department at investor_relations@equitylifestyle.com.

Stockholder Communications with the Board

The Company s Lead Director is Sheli Rosenberg who, as an independent director, acts in the lead capacity to coordinate the other independent directors, consults with the Company s Chief Executive Officer on Board agendas, chairs the executive sessions of the non-management directors and performs such other functions as the Board may direct. Any stockholder or other interested party who has a concern or inquiry regarding the conduct of the Company may communicate directly with the Board or the non-management directors by contacting the Lead Director, who will receive all such communications on behalf of the Board or the non-management directors (as applicable). Communications may be confidential or anonymous, and may be submitted in writing to the Lead Director, c/o Secretary, Equity LifeStyle Properties, Inc., Two North Riverside Plaza, Suite 800, Chicago, Illinois 60606. All written communications will be received and processed by the Secretary of the Company, and all substantive communications will be referred to the Lead Director. All such communications will be reviewed and, if necessary, investigated and/or addressed by the Lead Director and the status of such communications will be reported to the Board or the non-management directors (as applicable) on a quarterly basis. The Lead Director may direct special treatment, including the retention of outside advisors or counsel, for any such concern or inquiry.

Although each director is strongly encouraged to attend each Annual Meeting of Stockholders, the Board has no formal policy with respect to such attendance. Six of the eight directors in office as of the date of the 2010 Annual Meeting of Stockholders were in attendance at that meeting.

Non-Management Directors Executive Sessions

Executive sessions of the Company s non-management directors are scheduled in connection with regularly scheduled meetings of the Board and may be held without management present at such other times as requested by the non-management directors. The presiding director at these executive sessions is the Lead Director.

Board Leadership Structure and Role in Risk Oversight

The Company has separated the positions of chairman of the board and chief executive officer since 1996. Samuel Zell currently serves as Chairman of the Board and Thomas Heneghan currently serves as the President and Chief Executive Officer (CEO) of the Company and is a member of the Board. Ms. Rosenberg, an independent director, serves as the Company s Lead Director as discussed above. The Company has determined that this leadership structure is appropriate as it allows the CEO to focus on our day-to-day business, while allowing the chairman of the board to lead the board in its fundamental role of providing advice to and independent oversight of management.

Risk is inherent with every business, and how well a business manages risk can ultimately determine its success. We face a number of risks, including economic, environmental and regulatory risks, and others such as the impact of competition and weather conditions. The Company believes one way to manage risk is to maintain balance sheet flexibility and evaluates major capital items, including dividend policy, debt policy, acquisitions and dispositions, and equity issuances, in light of the potential impact on financial flexibility. Management is responsible for the day-to-day management of risks the company faces, while the board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, the Board has the responsibility to satisfy itself that the risk management processes designed by management are adequate and functioning as designed.

The Board believes that establishing the right tone at the top and that full and open communications between management and the Board are essential for effective risk management and oversight. Our Chief Executive Officer meets quarterly with Board Committee chairpersons updating them on a variety of matters, including risk management and related controls. Our executive officers attend each quarterly Board meeting and are available to address any questions or concerns raised by the Board on risk management-related and any other matters. At the quarterly Board meetings, the Board receives presentations from the executive officers on strategic matters involving our operations.

While the Board is ultimately responsible for risk oversight at the Company, our three Board Committees assist the Board in fulfilling its oversight responsibilities in certain areas of risk. The Audit Committee of the Board (the Audit Committee) assists the Board in fulfilling its oversight responsibilities with respect to risk management in the areas of financial reporting, internal controls and compliance with legal and regulatory requirements, and, in accordance with NYSE requirements, discusses policies with respect to risk assessment and risk management. Risk assessment reports are regularly provided by management to the Audit Committee. The Compensation, Nominating and Corporate Governance Committee of the Board (the Compensation Committee) assists the Board in fulfilling its oversight responsibilities with respect to the management of risks arising from our compensation policies and programs and risks associated with Board organization, membership and structure, succession planning, and corporate governance. The Executive Committee assists the Board in fulfilling its oversight responsibilities with respect to the management of risks associated with the acquisition, disposition and financing of investments for the Company.

Committees of the Board; Meetings

Meetings: During the year ended December 31, 2010, the Board held four meetings and took one action by unanimous written consent. Each of the directors attended 75% or more of the total number of the meetings of the Board and the committees on which he or she served.

Executive Committee: The Executive Committee of the Board is comprised of Howard Walker (Chair), Mr. Zell and Ms. Rosenberg. The Executive Committee has the authority, within certain parameters set by the Board, to authorize the acquisition, disposition and financing of investments for the Company (including the issuance of additional limited partnership interests of MHC Operating Limited Partnership) and to authorize contracts and agreements, including those related to the borrowing of money by the Company, and generally exercise all other powers of the Board except as prohibited by law. During the year ended December 31, 2010, the Executive Committee held no meetings and took four actions by unanimous written consent.

Table of Contents

Compensation, Nominating and Corporate Governance Committee: The Compensation Committee is comprised of Ms. Rosenberg (Chair), Gary Waterman and David Contis. The Board has determined that each of the Compensation Committee members is an independent director within the meaning set forth in the NYSE listing standards. The Compensation Committee is governed by the Charter of the Compensation, Nominating and Corporate Governance Committee, a copy of which is available on the Company s website. The Compensation Committee determines compensation for the Company s executive officers and exercises all powers of the Board in connection with compensation matters, including incentive compensation and benefit plans. The Compensation Committee did not engage a compensation consultant, nor did a compensation consultant assist the Company or the Board with executive compensation matters during the last completed fiscal year. The Compensation Committee receives recommendations regarding executive compensation from the Company s President and Chief Executive Officer and considers these recommendations in determining appropriate compensation plans. The Compensation Committee does not delegate its authority in regards to establishing executive compensation. The Compensation Committee also has the authority to grant stock options, stock appreciation rights and restricted stock awards in accordance with the Company s 1992 Stock Option and Stock Award Plan, as amended and restated (the Stock Option and Award Plan), to the management of the Company and its subsidiaries, other employees and consultants. In addition, the Compensation Committee identifies and recommends qualified individuals to become Board members (described further below), develops and recommends the Guidelines on Corporate Governance applicable to the Company, recommends to the Board director nominees for each committee of the Board and directs the Board in an annual review of its performance. During the year ended December 31, 2010, the Compensation Committee held five meetings and took no actions by unanimous written consent.

Audit Committee: The Audit Committee is comprised of Philip Calian (Chair), Thomas Dobrowski and Mr. Contis. The Board has determined that each of the Audit Committee members is an independent director within the meaning set forth in the NYSE listing standards and Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act). The Board has also determined that Mr. Calian, Mr. Dobrowski, and Mr. Contis are each an audit committee financial expert as that term is defined by the SEC in Item 407(d)(5) of Regulation S-K. The Audit Committee is governed by the Audit Committee Charter, a copy of which is available on the Company s website. The Audit Committee is responsible for, among other things, engaging our Independent Accountants, reviewing with the Company s Independent Accountants the plans for and results of the audit engagement, approving professional services provided by the Company s Independent Accountants, reviewing the independence of the Company s Independent Accountants, considering the range of audit and non-audit fees and reviewing the adequacy of the Company s internal accounting controls and accounting and reporting practices assessing the quality and integrity of our audited financial statements. The Audit Committee has also established procedures for the processing of complaints received from employees regarding internal control, accounting and auditing matters. During the year ended December 31, 2010, the Audit Committee held thirteen meetings and took no action by unanimous written consent.

Board Member Nominations

Board member nominations are governed by the Compensation, Nominating and Corporate Governance Committee Charter. The Compensation Committee will consider nominees recommended by stockholders. If you wish to recommend a person whom you consider qualified to serve on the Board, you must give written notice to the Secretary of the Company in accordance with the requirements described in Stockholder Proposals. This notice must contain: (i) as to each nominee, all information that would be required to be disclosed in a proxy statement with respect to the election of directors pursuant to the Exchange Act, (ii) the name and address of the stockholder giving the notice, (iii) the number of shares of Common Stock owned beneficially and of record by such stockholder, and (iv) the written consent of each nominee to serve as a director if so elected. The Compensation Committee will consider and evaluate persons recommended by stockholders in the same manner as potential nominees identified by the Board and/or the Compensation Committee.

The Compensation Committee identifies nominees for director from various sources. In assessing potential director nominees, the Compensation Committee considers the character, background and professional experience of candidates. All nominees should possess good judgment and an inquiring and independent mind.

Table of Contents

Familiarity with the issues affecting the Company is among the relevant criteria. All director nominees must possess a reputation for the highest personal and professional ethics, integrity and values. The Compensation Committee will also carefully consider any potential conflicts of interest. Nominees must also be willing and able to devote sufficient time and effort to carrying out the duties and responsibilities of a director effectively, and should be committed to serving on the Board for an extended period of time. Neither the Company nor the Compensation Committee has a formal policy with regard to the consideration of diversity in identifying and evaluating director nominees, although both may consider diversity when identifying and evaluating potential director nominees. As detailed above, the Compensation Committee strives to nominate directors with a variety of complementary skills so that, if elected, the Board will contain the appropriate mix of diversity in background and experience to oversee the Company s business.

Biographical Information

Set forth below are biographies of each of the Company s executive officers. Biographies of the director nominees are set forth below in Proposal 1.

Executive Officers

Thomas Heneghan, 47, is President and Chief Executive Officer of the Company. For his biographical information, please see Proposal 1 below.

Joe McAdams, 67, was President of the Company from January 2008 to February 2011 when he became the president of a subsidiary of the Company. Mr. McAdams was also a member of the Company s Management Committee, which was created in 1995 and is comprised of the Company s executive officers (the Management Committee). Mr. McAdams was the chairman of the board, president and chief executive officer of Privileged Access, LP, an RV and vacation membership business, from October 2005 to January 2008 and remains the 100% owner of Privileged Access, LP. Mr. McAdams was a member of the Board of Managers of PATT Holding Company, LLC (PATT), the parent entity of Thousand Trails and a subsidiary of Privileged Access, LP, until the entity was dissolved in 2008. Mr. McAdams was a director of the Company from January 2004 to October 2005. Mr. McAdams was a director of Affinity Group, Inc., a leading provider of products and services to the recreational vehicle market, from August 1995 to October 2005; Liberty Publishing Company, a publisher of daily newspapers and alternate publications, from May 2004 to June 2005; and Vestcom, Inc., a leading provider of business and marketing communications from February 2005 to April 2007.

Michael Berman, 53, has been Executive Vice President and Chief Financial Officer of the Company since December 2005 and has had oversight of the Company s legal department since February 2009. Mr. Berman is also a member of the Company s Management Committee. Mr. Berman was Vice President, Chief Financial Officer and Treasurer of the Company from September 2003 to December 2005. In 2003, Mr. Berman was an associate professor at the New York University Real Estate Institute. Mr. Berman was a managing director in the Investment Banking department at Merrill Lynch & Co. from 1997 to 2002. Mr. Berman is a director of Lotsa Helping Hands, a private provider of internet web-based tools for caregiving and volunteer coordination.

Ellen Kelleher, 50, has been Executive Vice President Property Management since February 2009, and was Secretary of the Company from May 2000 to February 2011. Ms. Kelleher is also a member of the Management Committee. Ms. Kelleher was Executive Vice President and General Counsel of the Company from March 1997 to February 2009. Ms. Kelleher was Senior Vice President, General Counsel and Assistant Secretary of the Company from March 1994 to March 1997.

Roger Maynard, 53, has been Executive Vice President Asset Management of the Company since February 2009. Mr. Maynard is also a member of the Company s Management Committee. Mr. Maynard was Executive Vice

President and Chief Operating Officer of the Company from December 2005 to February 2009. Mr. Maynard was Chief Operating Officer of the Company from January 2004 to December 2005. Mr. Maynard was Senior Vice President for national operations of the Company from January 2003 to December 2003. Mr. Maynard was Senior Regional Vice President for the Company s Eastern division from September 2001 to December 2002, and Senior Regional Vice President for the Company s Southeastern region from January 2000 to September 2001. Mr. Maynard was Regional Vice President for the Company s Southeastern region from

Table of Contents

June 1998 to December 1999, and Regional Vice President for the Company s Northeastern region from October 1997 to June 1998.

Marguerite Nader, 42, has been Executive Vice President New Business Development since February 2011. Ms. Nader is also a member of the Management Committee. Ms. Nader was Executive Vice President Sales and Marketing of the Company from February 2009 to February 2011. Ms. Nader was Senior Vice President of New Business Development of the Company from January 2007 to February 2009. Ms. Nader was Vice President of New Business Development of the Company from January 2001 to January 2007. Ms. Nader was Vice President of Asset Management of the Company from January 1998 to January 2001. Ms. Nader has been employed with the Company since 1993.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

Independence of Directors

Pursuant to the Company s Guidelines on Corporate Governance, which require that a majority of our directors be independent within the meaning of NYSE standards and do not include any additional categorical standards other than those required by the NYSE, the Board undertook a review of the independence of directors nominated for re-election at the upcoming Annual Meeting. During this review, the Board considered transactions and relationships, if any, during the prior year between each director or any member of his or her immediate family and the Company, including those reported under Certain Relationships and Related Transactions below. As provided in the Guidelines, the purpose of this review was to determine whether any such relationships or transactions were inconsistent with a determination that the director is independent.

As a result of this review, the Board affirmatively determined that all the directors nominated for election at the Annual Meeting are independent of the Company and its management with the exception of our current President and Chief Executive Officer, Mr. Heneghan. The Board determined that none of the independent directors has nor had a material relationship with the Company other than being a director and/or a stockholder of the Company.

The Board specifically considered Mr. Zell s affiliation to Two North Riverside Plaza Joint Venture Limited Partnership, which provides office space to the Company as further described in Certain Relationships and Related Transactions below. The Board determined that this relationship between the Company and Two North Riverside Joint Venture Plaza does not breach NYSE bright line tests and did not hinder Mr. Zell s independence. The Board considered that Mr. Zell s net worth has been estimated in excess of $5 billion and that the payments to Two North Riverside Joint Venture Plaza are substantially less than one percent of the aggregate revenues of the Zell family trusts and Mr. Zell s interests. The Board further considered Mr. Zell s prior role as interim Chief Executive Officer for the eighteen-month period from March 1995 to August 1996, to allow time for transition to a new CEO. During such time, Mr. Zell did not receive compensation for his role as interim CEO and was not subject to an employment agreement, nor did he receive any severance, long-term health or pension benefits. The Board determined that Mr. Zell s prior role as interim CEO did not hinder Mr. Zell s independence.

The Board specifically considered Mr. Walker s role as a former Chief Executive Officer of the Company and determined that this role did not hinder Mr. Walker s independence within the meaning of the NYSE listing standards. In addition, the Board specifically considered the consulting agreement between the Company and Mr. Walker s son as further described in Certain Relationships and Related Transactions below. The Board determined that this relationship did not breach NYSE bright line tests and did not hinder Mr. Walker s independence.

General Information about the Nominees

The Company s Board consists of eight directors. The Company s Charter currently provides for the annual election of all directors. All the nominees are presently directors, and each nominee has consented to be named in this Proxy Statement and to serve if elected.

Biographical Information

Set forth below are biographies of each of the director nominees.

Samuel Zell, 69, has been Chairman of the Board of the Company since March 1995, and was Chief Executive Officer of the Company from March 1995 to August 1996. Mr. Zell was Co-Chairman of the Board of the Company from its formation until March 1995. Mr. Zell was a director of Mobile Home Communities, Inc., the former manager of the Company s manufactured home communities, from 1983 until its dissolution in 1993. Mr. Zell has served as Chairman of Equity Group Investments, L.L.C. (EGI), a private investment company, since 1999 and is its president. EGI provides investment management and accounting services to the Zell family trusts. Mr. Zell was a trustee and chairman of the board of trustees of Equity Office Properties Trust (EOP), an equity real estate investment trust (REIT) primarily focused on office buildings, from October 1996 until its sale in February 2007, and was its chief executive officer from April 2002 to April 2003, and its president from April 2002 to November 2002. For more than the past five years, Mr. Zell has served as chairman of the board of Anixter International, Inc., a global distributor of structured cabling systems; as chairman of the board of Equity Residential, an equity REIT that owns and operates multi-family residential properties; and as chairman of the board of Capital Trust, Inc., a specialized finance company (Capital Trust). Mr. Zell has been chairman of the board of Covanta Holding Corporation (previously known as Danielson Holding Corporation) since September 2005, was previously a director from 1999 until 2004, and served as its president, chairman and chief executive officer from July 2002 to October 2004. Mr. Zell has served as a director of Tribune Company, a diversified media company, since May 2007, as Chairman since December 2007, and as Chief Executive Officer from December 2007 to December 2009. In December 2008, the Tribune Company filed for protection under Chapter 11 of the Bankruptcy Code. Mr. Zell was the chairman of the board of Rewards Network, Inc. (previously known as iDine Rewards Network, Inc.), an administrator of loyalty-based consumer reward programs, from 2002 until 2005.

Howard Walker, 71, has been Vice-Chairman of the Board of the Company since May 2003 and Chair of the Board s Executive Committee since January 2004. Mr. Walker has been a director of the Company since November 1997. Mr. Walker has been retired from the Company since December 2003. Mr. Walker was Chief Executive Officer of the Company from December 1997 to December 2003. Mr. Walker was President of the Company from September 1997 to May 2000, and President of Realty Systems, Inc., an affiliate of the Company, from March 1995 to April 2000. Mr. Walker was a Vice President of the Company from January 1995 to March 1995.

Philip Calian, 48, has been a director of the Company since October 2005. Mr. Calian has been founder and managing partner of Kingsbury Partners, LLC since January 2003, and an operating partner of Waveland Investments, LLC since July 2004. Kingsbury Partners LLC is a private equity and consulting firm focused on providing capital and ownership skills to middle market distressed businesses and Waveland Investments LLC is a Chicago-based private equity firm with committed equity capital. Prior to founding Kingsbury Partners LLC, Mr. Calian was chief executive officer of American Classic Voyages Co., a publicly-traded travel and leisure company, from 1995 until 2002. In October 2001, American Classic Voyages Co. filed for protection under Chapter 11 of the Bankruptcy Code. Mr. Calian was a director of JetAway Today, Inc., a private internet travel company, until its sale in 2007. Mr. Calian is a director of MCS Investment Group, LLC, a private producer and seller of mineral well brine; Hudson Lock, LLC, a private lock manufacturer; Lewis County Press, LLC, a newspaper publisher; and Cottingham & Butler, Inc., a private insurance broker.

David Contis, 52, has been a director of the Company since February 2009. Effective May 2, 2011, Mr. Contis will join Simon Properties Group, Inc. as Senior Executive Vice President and President of the mall platform and relinquish his role at EGI. Mr. Contis has been President of Real Estate for EGI since November 2006. Mr. Contis was Executive Vice President and Chief Operating Officer of The Macerich Company, a shopping center real estate investment trust from May 1997 to October 2006. Mr. Contis was employed in various capacities by affiliates of EGI from 1980 to 1997, including as Vice Chairman, Executive Vice President and Chief Operating Officer of Equity Properties & Development L.P. from 1992 to 1997. Mr. Contis currently serves on the Board of Directors of BRMalls, Brazil s largest shopping center company. Mr. Contis was a director of PATT Holding Company, LLC from January 2008 to August 2008. Mr. Contis was a director and served as a member of the Board of Directors, Compensation Committee and Audit Committee of Dundee Realty Corp., a Canadian-based real estate company from 1997 to 2003. In addition, Mr. Contis was a Trustee of the International Council of Shopping Centers.

Thomas Dobrowski, 67, has been a director of the Company since March 1993. Mr. Dobrowski has been retired from General Motors Investment Management Corporation (GMIMC) since October 2005. Mr. Dobrowski was the managing director of real estate and alternative investments of GMIMC from December 1994 to September 2005.

Mr. Dobrowski is a director of Capital Trust. Mr. Dobrowski was also a trustee of EOP until its sale in 2007, and was a former director of Taubman Centers, Inc. and Red Roof Inns, Inc.

Thomas Heneghan, 47, has been a director of the company since March 2004. Mr. Heneghan has been Chief Executive Officer of the Company since January 2004 and President of the Company since February 2011. Mr. Heneghan is a member of the Company s Management Committee. Mr. Heneghan was also President of the Company from January 2004 to January 2008. Mr. Heneghan was President and Chief Operating Officer of the Company from May 2000 to December 2003. Mr. Heneghan was Executive Vice President, Chief Financial Officer and Treasurer of the Company from April 1997 to May 2000, and Vice President, Chief Financial Officer and Treasurer of the Company from February 1995 to March 1997. Mr. Heneghan was member of the Board of Managers of PATT from April 2006 to August 2008. Mr. Heneghan currently serves on the 2010-2011 National Association of Real Estate Investment Trust (NAREIT) Board of Governors.

Sheli Rosenberg, 69, has been a director of the Company since August 1996, and has been the Lead Director of the Company since 2002. Ms. Rosenberg was an Adjunct Professor at Northwestern University s J.L. Kellogg Graduate School of Business from 2003 to 2007. Ms. Rosenberg was vice chairman of EGI from January 2000 through December 2003. Ms. Rosenberg was president of Equity Group Investments, Inc. (EGI, Inc.), an investment company, from November 1994 to December 1999, and was chief executive officer of EGI, Inc. from November 1994 to December 1999. Ms. Rosenberg was a principal of the law firm of Rosenberg & Liebentritt from 1980 to September 1997. Ms. Rosenberg is a director of CVS Caremark Corporation, an owner and operator of drug stores; Nanosphere, Inc., a nanotechnology-based molecular diagnostics company; Ventas, Inc., an owner of real estate in the health care field, and General Growth Properties, Inc. a shopping mall REIT. Ms. Rosenberg was a trustee of Equity Residential until May 2010. Ms. Rosenberg was also a trustee of EOP until its sale in 2007.

Gary Waterman, 69, has been a director of the Company since March 1993. Since 1989, Mr. Waterman has been president of Waterman Limited, a real estate services and investment company that he founded. Mr. Waterman served in various roles at LaSalle Partners Incorporated, now known as Jones Lang LaSalle, from 1968 to 1989, including the formation of the real estate company, which focused on corporate real estate services, investment management and development. Mr. Waterman became a director of Avalara, Inc., a private software company in September 2007.

In addition to each director nominee s qualifications, experience and skills outlined in their biographical data above, the Company s Board looked for certain attributes in each of the nominee directors and based on these attributes, concluded that each director nominee should serve on the Company s Board. The Board does not require that the director nominees possess each attribute, but rather the Board is looking for a mix of attributes across the board members. These attributes include: (i) prior experience on the Company s Board and other relevant board level experience, (ii) real estate industry experience, (iii) transactional experience especially within the real estate industry; (iv) relevant experience in property operations; (v) financial expertise; (vi) legal and/or regulatory experience; (vii) knowledge of and experience with corporate governance matters, (viii) experience with executive compensation matters, and (ix) prior experience in risk management. The following table shows the attributes of each director nominee.

	Board Experience	Real Estate Industry	Transactional	Property Operations	Financial Expertise	Legal / Regulatory	Corporate Governance	Executive Compensation	Ma
ll	X	X	X	X	X	X	X	X	
alker	X	X	X	X		X	X	X	
an	X		X	X	X	X	X	X	
tis	X	X	X	X	X	X	X	X	

obrowski	X	X	X	X	X		X	X
eneghan	X	X	X	X	X	X	X	X
nberg	X	X	X			X	X	X
rman	X	X	X				X	X

Director Compensation

The following table includes compensation information for the year ended December 31, 2010 for each non-employee member of our Board of Directors.

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)(3)(4)	Total ($)
Philip Calian	46,500	258,040				304,540
David Contis	47,000	110,260				157,260
Thomas Dobrowski	46,000	110,260				156,260
Sheli Rosenberg	47,500	356,560				404,060
Howard Walker	46,500	258,040				304,540
Gary Waterman	46,000	110,260				156,260
Samuel Zell	46,000	1,095,460				1,141,460

(1) For 2010, the Company paid each of its non-employee directors an annual fee of $45,000. In addition, directors who serve on the Executive Committee, Audit Committee or Compensation Committee receive an additional $1,000 per annum for each committee on which they serve. Committee chairpersons receive an additional $500 per annum for their service. Directors who are employees of the Company are not paid any directors fees.

(2) These amounts reflect the grant date fair value, as calculated in accordance with FASB ASC Topic 718 Stock Compensation (FASB ASC 718), related to restricted stock and option awards issued in 2010 pursuant to the Company s Stock Option and Award Plan.

Refer to Note 13, Stock Option Plan and Stock Grants, in the Notes to the Consolidated Financial Statements included in the Company s 2010 Form 10-K filed on February 24, 2011 for the relevant assumptions used to determine the valuation of our restricted stock and option awards.

Pursuant to the Stock Option and Award Plan, on the date of the first Board of Directors meeting after each Annual Meeting of Stockholders, each director then in office will receive at the director s election either an annual grant of options to purchase 10,000 shares of Common Stock at the then-current market price or an annual grant of 2,000 shares of Restricted Common Stock. One-third of the options to purchase Common Stock and the shares of Restricted Common Stock covered by these awards vest on the date six months after the grant date, one-third vest on the first anniversary of the grant date and one-third vest on the second anniversary of the grant date.

Pursuant to the authority granted in the Stock Option and Award Plan, in November 2010 the Compensation Committee approved the annual award of stock options to be granted to the Chairman of the Board, the Compensation Committee Chairperson and Lead Director, the Executive Committee Chairperson, and the Audit Committee Chairperson and Audit Committee Financial Expert on January 31, 2011 (or the following trading day if the NYSE is closed on such date) for their services rendered in 2010. Ms. Rosenberg abstained from discussion and voting on the award granted to the Chairperson of the Compensation Committee and Lead Director. On January 31, 2011, Mr. Zell was awarded options to purchase 100,000 shares of Common Stock, which he elected to receive as 20,000 shares of Restricted Common Stock, for services rendered as Chairman of the Board during 2010; Ms. Rosenberg was awarded options to purchase 25,000 shares of Common Stock, which she elected to receive as 5,000 shares of Restricted Common Stock, for services rendered as Lead Director and Chairperson of the Compensation Committee during 2010; Mr. Walker was awarded options to purchase 15,000 shares of Common Stock, which he elected to receive as 3,000 shares of Restricted Common Stock, for services rendered as Chairperson of the Executive Committee during 2010; and Mr. Calian was awarded options to purchase 15,000 shares of Common Stock, which he elected to receive as 3,000 shares of Restricted Common Stock, for services rendered as Audit Committee Financial Expert and Audit Committee Chairperson during 2010. Such shares were issued at a per share price of $56.88, the NYSE closing price of the Company s Common Stock on January 31, 2011. One-third of the

Table of Contents

options to purchase Common Stock and the shares of Restricted Common Stock covered by these awards vests on each of December 31, 2011, December 31, 2012, and December 31, 2013.

As of December 31, 2010, each non-employee director had the following unexercised stock options and unvested Restricted Stock awards outstanding:

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Number of Shares of Stock That Have Not Vested
Philip Calian			5,001
David Contis	1,866	934	2,001
Thomas Dobrowski			2,001
Sheli Rosenberg	25,000		7,002
Howard Walker	50,000		5,001
Gary Waterman			2,001
Samuel Zell	636,666	33,334	15,335

(3) During the year ended December 31, 2010, directors did not receive any perquisites or other compensation. The Company reimburses the directors for travel expenses incurred in connection with their activities on behalf of the Company.

(4) In December 2000, the Company entered into a deferred compensation arrangement with Mr. Walker to encourage him to remain employed by the Company. The agreement provided Mr. Walker with a salary benefit commencing May 17, 2004. Pursuant to the agreement, commencing on such date, Mr. Walker receives an annual deferred compensation payment in the amount of $200,000 for a ten-year period. The Company purchased an annuity for approximately $1.2 million to fund its future obligations under the agreement. The annuity is held by a trust for the benefit of Mr. Walker and is subject to the claims of creditors of the Company. A copy of Mr. Walker s deferred compensation agreement was filed on Form 8-K with the SEC on September 25, 2008.

Vote Required

A plurality of the votes cast in person or by proxy at the Annual Meeting is required for the election of directors. Although we know of no reason why any nominee would not be able to serve, if any nominee should become unavailable for election, the persons named as proxies will vote your shares of Common Stock to approve the election of any substitute nominee proposed by the Board.

Board Recommendation

The Board unanimously recommends that you vote FOR each of the eight nominees for director for a one-year term.

PROPOSAL NO. 2

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board recommends that the stockholders ratify the selection of Ernst & Young as the Company s independent registered public accounting firm (Independent Accountants) for the fiscal year ending December 31, 2011. As a matter of good corporate governance, the selection of Ernst & Young is being submitted to stockholders for ratification. In the event of a negative vote on such ratification, the Audit Committee will reconsider its selection. Even if Ernst & Young is ratified as Independent Accountants by the stockholders, the Audit Committee, in its discretion, may direct the appointment of different Independent Accountants at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

Ernst & Young has advised us that neither it nor any member thereof has any financial interest, direct or indirect, in our Company or any of our subsidiaries in any capacity. There have been no disagreements between the Company and its Independent Accountants relating to accounting procedures, financial statement disclosures or related items. Representatives of Ernst & Young are expected to be available at the Annual Meeting. These representatives will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Audit and Non-Audit Fees

Audit Fees. The aggregate fees billed (or expected to be billed) for fiscal years 2010 and 2009 for professional services rendered by the Independent Accountants for the audit of the Company s financial statements, for the audit of internal controls relating to Section 404 of the Sarbanes-Oxley Act, and for the reviews by the Independent Accountants of the financial statements included in the Company s Forms 10-Q were approximately $586,300 and $836,200, respectively. The 2009 fees also included amounts related to the Company s June 2009 Common Stock offering and May 2009 shelf registration.

Audit-Related Fees. The aggregate fees billed (or expected to be billed) for fiscal years 2010 and 2009 for assurance and related services by the Independent Accountants that are reasonably related to the performance of the audit or review of the Company s financial statements that are not reported as Audit Fees above were approximately $48,600 and $66,500, respectively. These fees consist primarily of fees for services provided to assist the Company with attest services related to audits of subsidiaries and benefit plans and other accounting consultations.

Tax Fees. The aggregate fees billed (or expected to be billed) for fiscal years 2010 and 2009 for professional services rendered by the Independent Accountants for tax compliance, tax advice and tax planning were approximately $52,000 and $25,000, respectively.

All Other Fees. There were no other fees billed to the Company by the Independent Accountants in fiscal years 2010 and 2009.

Auditor Independence. The Audit Committee has determined that the Independent Accountants provision of the non-audit services described above is compatible with maintaining the Independent Accountants independence.

Policy on Pre-Approval. The Company and the Audit Committee are committed to ensuring the independence of the Company s Independent Accountants, both in fact and in appearance. In this regard, the Audit Committee has established a pre-approval policy in accordance with the applicable rules of the SEC and the NYSE. The Audit

Committee must pre-approve all audit services and permissable non-audit services provided by the Company s Independent Accountants, except for any *de minimis* non-audit services. The Audit Committee may delegate to one or more of its members who is an independent director the authority to grant pre-approvals. All services provided by Ernst & Young in 2010 were pre-approved by the Audit Committee, except for *de minimis* services for which approval authority was delegated to Mr. Berman.

Vote Required

The affirmative vote of holders of a majority of the votes cast is necessary to ratify the selection of Ernst & Young.

Board Recommendation

The Board unanimously recommends that you vote FOR the ratification of the selection of Ernst & Young as the Company s Independent Accountants for 2011.

AUDIT COMMITTEE REPORT

The Audit Committee of the Board consists of Mr. Calian, Mr. Contis, and Mr. Dobrowski. The Board has determined that Mr. Calian, Mr. Contis, and Mr. Dobrowski each meet the independence and financial literacy requirements of the NYSE and Rule 10A-3 under the Exchange Act. In addition, the Board has determined that Mr. Calian, Mr. Contis and Mr. Dobrowski each qualify as an audit committee financial expert as defined by the SEC rules. No member of the Audit Committee is a current or former officer or employee of the Company, and no member serves on more than two other public company audit committees.

The Audit Committee oversees the Company s financial reporting process on behalf of the Board. The Company s management has the primary responsibility for the financial statements, for maintaining effective internal control over financial reporting, and for assessing the effectiveness of internal control over financial reporting. The Audit Committee is governed by a written charter approved by the Board. In accordance with this charter, the Audit Committee oversees the accounting, auditing and financial reporting practices of the Company. The Audit Committee is responsible for the appointment, retention, compensation, and oversight of the work of the Independent Accountants. The Audit Committee pre-approves the services of the Independent Accountants in accordance with the applicable rules of the SEC and the NYSE. The Audit Committee has also established procedures for the processing of complaints received from employees regarding internal control, accounting, and auditing matters. The Audit Committee held thirteen meetings during 2010.

In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed the audited financial statements in the Company s Annual Report on Form 10-K for the year ended December 31, 2010 (the 2010 Form 10-K) with the Company s management, including a discussion of the quality, not just the acceptability, of the accounting principles; the reasonableness of significant judgments; and the clarity of disclosures in the financial statements. The Audit Committee also reviewed and discussed management s report on its assessment of the effectiveness of the Company s internal control over financial reporting and the Independent Accountant s report on management s assessment and the effectiveness of the Company s internal control over financial reporting with management, the internal auditors and the Independent Accountants.

The Audit Committee reviewed with the Company s Independent Accountants, who are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of the Company s accounting principles and such other matters as are required to be discussed with the Audit Committee by Statement on Auditing Standards No. 61 (as amended), other standards of the Public Company Accounting Oversight Board, rules of the SEC, and other applicable regulations. In addition, the Audit Committee has discussed with the Independent Accountants the Independent Accountant s independence from the Company s management and the Company, including the matters in the letter from the Independent Accountants required by the applicable requirements of the Public Company Accounting Oversight Board regarding the Independent Accountant s communications with the Audit Committee concerning independence, and considered the compatibility of non-audit services provided to the Company by the Independent Accountants with the Independent Accountant s independence.

The Audit Committee discussed with the Company s Independent Accountants the overall scope and plans for their audit. The Audit Committee met with the Independent Accountants, with and without management present, to discuss the results of their examinations; their evaluation of the Company s internal controls, including internal control over financial reporting; and the overall quality of the Company s financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board, and the Board approved, that the audited financial statements and management s assessment of the effectiveness of the Company s internal control over financial reporting be included in the 2010 Form 10-K for filing with the SEC. The Audit Committee and the Board also have recommended, subject to stockholder ratification, the selection of the Company s Independent Accountants.

Respectfully submitted,

Philip Calian, Chair
David Contis
Thomas Dobrowski

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary. The purpose of this Compensation Discussion and Analysis (CD&A) is to provide stockholders with a description of the material elements of the Company s compensation program for the following individuals who were the Company s named executive officers as of December 31, 2010:

Thomas Heneghan	President and Chief Executive Officer
Joe McAdams	Former President
Michael Berman	Executive Vice President and Chief Financial Officer
Ellen Kelleher	Executive Vice President Property Management
Roger Maynard	Executive Vice President Asset Management
Marguerite Nader	Executive Vice President New Business Development

The core principle of the Company s executive compensation program continues to be pay for performance, and the framework of our executive compensation programs includes the governance features discussed below:

The Compensation Committee is comprised solely of independent directors.

The Compensation Committee did not retain a third-party advisor or compensation consultant for 2010.

The Compensation Committee s annual review and approval of the Company s compensation strategy includes a review of compensation-related risk management. In this regard, the Compensation Committee reviews the Company s executive compensation program, including base salary, non-equity incentive compensation (bonus), retention and equity-based incentive compensation, and personal benefits. The Compensation Committee does not believe that the compensation program creates risks that are reasonably likely to have a material adverse effect on the Company.

With the exception of Mr. McAdams, our executive officers have no employment agreements or severance agreements. The Company entered into an employment agreement with Mr. McAdams effective as of January 1, 2008. Mr. McAdams employment agreement was approved by the Compensation Committee and provided for a term of three years, which term expired on December 31, 2010 and was not renewed. Effective February 1, 2011, Mr. McAdams relinquished his role as President and became president of a subsidiary of the Company, and therefore is no longer a named executive officer. No severance or post-employment compensation payments were made to Mr. McAdams.

The executive officers are subject to share ownership guidelines as further described below.

The Company s insider trading policy prohibits executive officers from engaging in speculative transactions in the Company s securities, such as short sales or an equivalent transaction involving Company stock. The executive officers must also follow the requirements of the Company s Business Ethics and Conduct Policy.

The Compensation Committee takes into consideration the overall performance of the Company when establishing the compensation program and determining final payments to the executive officers. This review of overall Company performance is in addition to specific goals and targets that are set for each executive officer. The following tables show the Company s historical stock price, annual dividends, and Funds From Operations (FFO). FFO is a non-GAAP financial measure. The Company believes that FFO, as defined by the Board of Governors of the National Association of Real Estate Investment Trusts (NAREIT), is generally an appropriate

16

Table of Contents

measure of performance of an equity REIT. Appendix A to this proxy statement includes a reconciliation of FFO to the most comparable GAAP measure.

Note: This chart shows the ELS stock price from January 2008 through January 2011.

Note: This chart shows ELS FFO growth over the last five years.

Note: This chart shows ELS annual dividend per share growth over the last five years.

General Philosophy. The Compensation Committee determines and approves the compensation of the Company s executive officers and guides the Company s overall philosophy towards the compensation of its employees. The Compensation Committee believes that the compensation of the Company s executive officers should be both competitive and based on individual and Company performance. The Compensation Committee believes that the compensation of the executives should reflect their success as a management team in attaining certain operational goals, which leads to the success of the Company and serves the best interests of our stockholders. The Compensation Committee consults with executive management regarding both executive and non-executive employee compensation plans and programs, including administering our equity incentive plans. The Compensation Committee did not consult with an outside advisor or compensation consultant during 2010.

Objectives of the Compensation Program. The primary objective of the Company s compensation program is to attract and retain highly qualified executives by providing competitive base salaries and meaningful short-term and equity-based incentives. In addition, the compensation program is structured to hold the executive officers accountable for the performance of the Company by tying a portion of their annual non-equity incentive compensation to performance targets. The compensation program is also designed to promote an

Table of Contents

ownership mentality among executives. The Compensation Committee recognizes that the interests of stockholders are best served by giving key employees the opportunity to participate in the appreciation of the Company s Common Stock. In October 2005, the Board established stock ownership guidelines for each of the executive officer positions and directors. Under these guidelines, all of the executive officers and directors are required to purchase a minimum amount of the Company s Common Stock, valued at the time of purchase, and to maintain this minimum amount throughout their tenure as an executive officer or member of the Board. Such ownership guidelines follow: five times the base salary for the CEO; four times the base salary for the President; three times the base salary for each of the other executive officers; and three times the annual retainer for each Board member. Each of the executive officers and Board members currently own shares of Common Stock of the Company, which exceed the minimum established guidelines.

The following table shows the value of shares of Common Stock and Preferred Stock of the Company, including shares upon exercise of options, beneficially owned by each executive officer as of the Record Date as a percentage of their 2010 base salary.

Name	Shares of Common Stock(1)	Shares of Common Stock Upon Exercise of Options(2)	Shares of Preferred Stock(3)	Total Shares	Value of Shares Owned ($)(4)	Base Salary ($)	Stock Ownership Value / Base Salary (5)
Thomas Heneghan	155,075	30,000	40,000	225,075	11,341,245	382,454	30x
Joe McAdams	37,362	20,000	44,000	101,362	4,297,257	300,000	14x
Michael Berman	43,526		20,000	63,526	2,929,409	311,428	9x
Ellen Kelleher	159,930		40,000	199,930	9,934,885	311,428	32x
Roger Maynard	57,941		8,000	65,941	3,438,640	311,428	11x
Marguerite Nader	24,168		16,000	40,168	1,747,716	311,428	6x
All executive officers as a group	478,002	50,000	168,000	696,002	33,689,152	1,928,166	17x

(1) Shares of Common Stock beneficially owned as of the Record Date.

(2) The amounts shown in this column reflect shares of Common Stock, subject to options, which are currently exercisable or exercisable within 60 days of the Record Date.

(3) Shares of 8.034% Series A Cumulative Redeemable Perpetual Preferred Stock (the Preferred Stock) beneficially owned as of the Record Date. These shares do not have voting rights.

(4) The value of the total shares beneficially owned as of the Record Date using the Company s Common Stock closing stock price of $55.93 on December 31, 2010 and the initial offering price of $24.75 for the Preferred Stock.

(5) The value of total shares beneficially owned as of the Record Date as compared to the executive officer s 2010 base salary.

What Our Compensation Program is Designed to Reward. The compensation program is designed to reward the Company s executive officers for their contributions to the Company and for achieving improvements in the Company s performance during the year. The Compensation Committee deliberately kept base salaries at a relatively small percentage of total compensation. This allows us to reward each officer s performance through annual bonus awards and incentives such as Restricted Common Stock Awards. The annual non-equity incentive bonus plan involves the Compensation Committee and the CEO, with input from each executive officer, jointly setting goals for each of the executive officers. Restricted Common Stock Awards are designed to provide incentive to the executives to ensure the successful implementation of long-term strategic goals of the Company and to provide for the retention of such executives.

Elements of Compensation. During the year ended December 31, 2010, there were three major components of executive compensation: base salary, non-equity incentive compensation (bonus), and retention and equity-based incentive compensation. In conjunction with the CEO, the Compensation Committee reviews the Company s executive salary structure on an annual basis with the use of a tally sheet. The tally sheet

Table of Contents

summarizes total compensation for each executive, including base pay, stock and option award values, non-equity incentive plan compensation, and all other compensation for the current and prior years. The tally sheet allows us to quantify each executive officer s total compensation for use in comparison to the salaries of executives at other REITs.

The compensation policy takes into account a review of executive compensation and performance data on publicly traded REITs obtained from the SNL Financial database (*www.snl.com*). We believe the executive compensation information derived from the SNL Financial database for our selected peer group of REITs provides comparable salary data for the Company. The compensation program is based on a review of the median and average total compensation for each executive officer position and allows each executive to attain above or below average compensation compared to the peer group based on the Company s performance. This is achieved through the issuance of Restricted Common Stock Awards. Where salary information is unavailable for a particular position in the SNL Financial database, other positions having similar responsibilities are used. Salary increases are based upon overall Company performance and upon each officer s performance, established goals, and contribution to the Company s performance.

The companies that comprise the peer group are shown in the following table. When selecting this peer group, we took into consideration market capitalization, three-year and five-year total returns, dividend internal rate of returns, compounded annual funds from operations growth rates, and multiples. As of December 31, 2010, the three-year and five-year total return for the Company was 31% and 32%, respectively, as compared to the total return for the peer group of 7% and 20%, respectively.

PEER GROUP

Apartment Investment and Management Company (AIV)	Highwoods Properties, Inc. (HIW)
AMB Property Corporation (AMB)	Home Properties, Inc. (HME)
AvalonBay Communities, Inc. (AVB)	Healthcare Realty Trust, Inc. (HR)
Brandywine Realty Trust (BDN)	Host Hotels & Resorts, Inc. (HST)
BRE Properties, Inc. (BRE)	Kimco Realty Corporation (KIM)
Boston Properties, Inc. (BXP)	Liberty Property Trust (LRY)
CBL & Associates Properties, Inc. (CBL)	Mid-America Apartment Communities, Inc. (MAA)
Mack-Cali Realty Corporation (CLI)	Macerich Company (MAC)
Colonial Properties Trust (CLP)	National Retail Properties, Inc. (NNN)
Camden Property Trust (CPT)	Realty Income Corporation (O)
Commonwealth Reit (CWH)	Corporate Office Properties Trust (OFC)
(formerly known as HRPT Properties Trust (HRP))	ProLogis (PLD)
Developers Diversified Realty Corporation (DDR)	Public Storage, Inc. (PSA)
Duke Realty Corporation (DRE)	Regency Centers Corporation (REG)
Equity Residential (EQR)	SL Green Realty Corp. (SLG)
Equity One, Inc. (EQY)	Simon Property Group, Inc. (SPG)
Essex Property Trust, Inc. (ESS)	Sovran Self Storage, Inc. (SSS)
First Industrial Realty Trust (FR)	United Dominion Realty Trust, Inc. (UDR)
Federal Realty Investment Trust (FRT)	Vornado Realty Trust (VNO)
General Growth Properties, Inc. (GGP)	Ventas, Inc. (VTR)
Health Care REIT, Inc. (HCN)	Weingarten Realty Investors (WRI)
Health Care Property Investors, Inc. (HCP)	

Total compensation for the executive officers for 2010 was approximately $9.1 million and was split between base salary, non-equity incentive compensation, retention and equity-based incentive compensation and other compensation, as shown in the following chart. The total median compensation for the top five executives for the selected peer group for 2009, based on the latest reportable data in the SNL Financial database, was

Table of Contents

approximately $8.1 million and the average was approximately $9.7 million. Total compensation for all five of the Company s executive officers, as shown in the adjusted Summary Compensation Table below, was approximately $7.9 million and $9.1 million for 2009 and 2010, respectively. The increase in total executive compensation from 2009 to 2010 reflects the vesting of Mr. McAdams 2008 Restricted Stock award, in addition to an increase in the number of shares of restricted stock granted, partially offset by a change in the stock price on the dates of grant.

Base Salary. We deliberately keep base salaries at a relatively small percentage of total compensation with modest annual increases in base salary. For 2010, we concluded that a base salary of $382,454 for Mr. Heneghan and $311,428 for each of Mr. Berman, Mr. Maynard, Ms. Kelleher and Ms. Nader were appropriate in this regard. These base salaries reflected no increase over 2009 base salaries. Mr. McAdams base salary for 2010 was $300,000, which was in accordance with his employment agreement effective as of January 1, 2008.

Non-Equity Incentive Compensation. Our practice is to award annual non-equity incentive compensation (bonus) based on certain performance targets established by the Compensation Committee for each year after consultation with the CEO and executive officers. The Compensation Committee selected these performance targets, as we believe management should focus on short-term annual performance metrics that support and ensure the Company s long-term success and profitability. Performance targets were established and communicated to the executive officers in March 2010 when the outcome of the performance targets was substantially uncertain. The final payout of 2010 executive bonuses was in January 2011, after finalization of the Company s year-end earnings results.

Table of Contents

The total 2010 bonus potential for the executive officers was approximately $3,604,000 (2010 Bonus Potential). The following table shows the maximum 2010 Bonus Potential for each executive officer and the percentage attributed to each performance target. Mr. McAdams 2010 Bonus Potential was in accordance with his employment agreement.

Name	Maximum 2010 Bonus Potential (Amount x Base Salary)	Core MH Revenue Target (1)	RV Revenue Target (2)	Core Net Operating Income Target (3)	TT Controllable Expense Target (4)	TT Membership Products Target (5)	Discretionary Target (6)
Thomas Heneghan	2.0	10.0%	10.0%	10.0%	10.0%	10.0%	50.0%
Joe McAdams	3.0	10.0%	10.0%	10.0%	10.0%	10.0%	50.0%
Michael Berman	1.5	10.0%	10.0%	10.0%	10.0%	10.0%	50.0%
Ellen Kelleher	1.5	10.0%	10.0%	10.0%	10.0%	10.0%	50.0%
Roger Maynard	1.5	10.0%	10.0%	10.0%	10.0%	10.0%	50.0%
Marguerite Nader	1.5	10.0%	10.0%	10.0%	10.0%	10.0%	50.0%

(1) This target required achieving a 1.5% 2.0% increase in core manufactured home (MH) base rent growth with flat occupancy for the year ending December 31, 2010 as compared to the year ending December 31, 2009, which target was met. The total paid to all executive officers for this target was approximately $360,000.

(2) This target required that our core resort revenues increase 1.5% 2.0% for the year ending December 31, 2010 as compared to December 31, 2009, which target was met. The total paid to all executive officers for this target was approximately $360,000.

(3) This target required core net operating income, excluding property management expense, to increase 0.5% 1.5% for the year ending December 31, 2010 as compared to the year ending December 31, 2009, which target was met. The total paid to all executive officers for this target was approximately $360,000.

(4) This target required maintaining stable Thousand Trails (TT) controllable expenses for the year ending December 31, 2010 as compared to December 31, 2009, which target was met. The total paid to all executive officers for this target was approximately $360,000.

(5) This target focused on stimulating membership sales through new products, which target was met. The total paid to all executive officers for this target was approximately $360,000.

(6) At the beginning of 2010, the Compensation Committee in consultation with Mr. Heneghan and Mr. McAdams, developed criteria upon which each executive officer would be evaluated and which would be used in determining their discretionary bonuses. Throughout 2010, each executive officer completed self-evaluations against those criteria and met with Mr. McAdams on an ongoing basis to discuss achievement of these discretionary goals. Mr. Heneghan completed a performance evaluation of Mr. McAdams, who reported directly to Mr. Heneghan. The Compensation Committee reviewed these evaluations and considered the results of these evaluations in the overall assessment of each executive s performance.

The Compensation Committee s evaluation of Mr. Heneghan s achievements included a review of the Company s overall performance, as well as the attainment of goals by each of the other executive officers. Mr. Heneghan received 73% of his discretionary bonus potential for 2010. Mr. Heneghan requested a 10% or $78,000 reduction of his total bonus potential as a result of a non-cash write-off of goodwill that the Company recorded in the fourth quarter of 2010 and such reduction is reflected in his discretionary bonus.

Mr. McAdams was evaluated on his oversight of each of the executive officers reporting to him, as well as the achievements of each of these executive officers. Mr. McAdams received 92% of his discretionary bonus potential for 2010. Mr. Berman, Ms. Kelleher, Mr. Maynard and Ms. Nader were all evaluated on their oversight of the departments they are responsible for as well as the achievements within each of their departments.
Mr. Berman has oversight of accounting, financial reporting, tax and legal and received 92% of his discretionary bonus potential for 2010. Ms. Kelleher has oversight of property operations, human resources, training and information technology and received 92% of her discretionary bonus potential for

2010. Mr. Maynard has oversight of the property and environmental infrastructure of the Company and received 91% of his discretionary bonus potential for 2010. Ms. Nader has oversight of sales and marketing and received 92% of her discretionary bonus potential for 2010.

The total paid to all executive officers for discretionary targets was approximately $1,580,000.

Retention and Equity-Based Incentive Compensation. The Stock Option and Award Plan was adopted in December 1992, and amended and restated from time to time, most recently effective March 23, 2001. The Stock Option and Award Plan and certain amendments thereto were approved by the Company s stockholders. A maximum of 6,000,000 shares of Common Stock are available for grant under the Stock Option and Award Plan. No more than 1,800,000 of the 4,000,000 shares added to the Stock Option and Award Plan since adoption may be issued as Restricted Common Stock Awards. No more than 250,000 shares of Common Stock may be subject to grants to any one individual in any calendar year. As of December 31, 2010, 851,677 shares of Common Stock remained available for grant; of these, 451,860 shares of Common Stock remained available for Restricted Common Stock Awards. Prior to 2010, Restricted Common Stock Awards were typically granted to executive officers every three years with vesting over a three-year period. In 2010 and 2011, the Compensation Committee approved annual grants of Restricted Common Stock Awards with one-year vesting. The vesting of Restricted Common Stock Awards is subject to acceleration in the case of death, disability and involuntary termination not for cause or change of control of the Company.

To provide long-term incentives for executive officers and to retain qualified officers, the Company has created these performance and tenure-based stock option and Restricted Common Stock award programs pursuant to the authority set forth in the Stock Option and Award Plan. The Company recognizes that the interests of stockholders are best served by giving key employees the opportunity to participate in the appreciation of the Company s Common Stock.

In accordance with the Stock Option and Award Plan, stock options are awarded at the NYSE s closing price of the Company s Common Stock on the date of grant. The Company has never granted options with an exercise price that is less than the closing price of the Company s Common Stock on the grant date, nor have options been granted on a date other than the grant date.

On December 28, 2006, the Compensation Committee approved the issuance of 140,000 shares of Restricted Common Stock to the executive officers (the 2006 Award Program). The 2006 Award Program was created pursuant to the authority set forth in the Stock Option and Award Plan. On December 28, 2006, the named executive officers were granted shares of Restricted Common Stock with a grant date fair value of $54.92 in accordance with the 2006 Award Program as follows: Mr. Heneghan was granted 40,000 shares; Mr. Maynard was granted 30,000 shares; Mr. Berman was granted 25,000 shares; Ms. Kelleher was granted 25,000 shares; and Ms. Nader was granted 20,000 shares. Such shares were subject to a three-year vesting schedule, with one-third vesting on December 31, 2007, one-third vesting on December 31, 2008 and one-third vesting on December 31, 2009.

On January 18, 2010, the Compensation Committee approved the issuance of 74,665 shares of Restricted Common Stock to the executive officers (the 2010 Award Program). The 2010 Award Program was created pursuant to the authority set forth in the Stock Option and Award Plan. On February 1, 2010, the named executive officers were granted shares of Restricted Common Stock with a grant date fair value of $49.26 in accordance with the 2010 Award Program as follows: Mr. Heneghan was granted 16,333 shares; Mr. McAdams was granted 13,000 shares; Mr. Berman was granted 11,333 shares; Ms. Kelleher was granted 11,333 shares; Mr. Maynard was granted 11,333 shares; and Ms. Nader was granted 11,333 shares. Such shares vested on December 31, 2010.

On each of May 8, 2008, May 12, 2009 and May 11, 2010, Mr. Heneghan received a grant of options to purchase 10,000 shares of Common Stock, which he could elect to receive as 2,000 shares of Restricted Common Stock, for his service as a director during such years. Mr. Heneghan elected to receive his 2008, 2009 and 2010 awards as 2,000 shares of Restricted Common Stock, respectively. These options and shares of Restricted Common Stock were awarded in accordance with the Company s Stock Option and Award Plan, which provides that each Board member shall receive such annual award on the dat