

EQUITY LIFESTYLE PROPERTIES INC
Form DEF 14A
March 23, 2012
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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

Filed by a Party other than the Registrant

Check the appropriate box:

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

No fee required.

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

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1. Title of each class of securities to which transaction applies:
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1. Amount previously paid:
2. Form, Schedule or Registration Statement No.:
3. Filing party:
4. Date filed:

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EQUITY LIFESTYLE PROPERTIES, INC.

Two North Riverside Plaza, Suite 800

Chicago, Illinois 60606

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On May 8, 2012

You are cordially invited to attend the 2012 Annual Meeting of Stockholders (the **Annual Meeting**) of Equity LifeStyle Properties, Inc., a Maryland corporation (the **Company**). The Annual Meeting will be held on Tuesday, May 8, 2012, at 10:00 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 6, 2012 (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 2012;
- (3) Conduct a non-binding advisory vote on executive compensation;
- (4) Conduct a vote of our common stockholders to approve the convertibility approval feature of our 8.034% Series A Cumulative Redeemable Perpetual Preferred Stock, par value \$0.01 per share (the **Series A Preferred Stock**), in accordance with the terms of the Series A Preferred Stock;
- (5) Approve an amendment to the Company's Articles of Amendment and Restatement increasing the amount of Preferred Stock the Company is authorized to issue to 20,000,000 shares; and

(6) Consider any other business properly brought before 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, we urge you to vote as soon as possible. Instructions on how to vote are contained in this Proxy Statement. 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. If you attend the Annual Meeting, you may vote in person if you wish, even if you have previously voted. 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.

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**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
ANNUAL MEETING TO BE HELD ON MAY 8, 2012.**

The Company's Proxy Statement for the 2012 Annual Meeting and the 2011 Annual Report and Annual Report on Form 10-K for the year ended December 31, 2011 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 23, 2012

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EQUITY LIFESTYLE PROPERTIES, INC.

Two North Riverside Plaza, Suite 800

Chicago, Illinois 60606

PROXY STATEMENT

INTRODUCTION

This Proxy Statement contains information related to the 2012 Annual Meeting of Stockholders (the Annual Meeting) of Equity LifeStyle Properties, Inc., a Maryland corporation (the Company), which will be held on Tuesday, May 8, 2012, at 10:00 a.m. Central Time at Two North Riverside Plaza, Twenty-Fourth Floor, Chicago, Illinois, 60606.

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, 2012;

Proposal 3 non-binding advisory vote on executive compensation;

Proposal 4 approval of the convertibility approval feature of the Series A Preferred Stock; and

Proposal 5 approval of an amendment to the Company s Articles of Amendment and Restatement increasing the amount of Preferred Stock the Company is authorized to issue to 20,000,000 shares.

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

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

Pursuant to the Securities and Exchange Commission s (SEC) notice and access rules, we have elected to provide access to our proxy materials over the Internet. Accordingly, on or about March 28, 2012, we began mailing to all stockholders of record at the close of business on March 6,

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2012, a Notice of Internet Availability of Proxy Materials (the Notice). All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or request a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request printed copies are included in the Notice. In addition, stockholders, at no charge, may request to receive proxy materials in printed form by mail or electronically by email.

How can I get electronic access to the proxy materials?

The Notice will provide you with instructions regarding how to:

View our proxy materials for the Annual Meeting on the Internet; and

Instruct us to send our future proxy materials to you electronically by email.

Choosing to receive your future proxy materials by email will save us the cost of printing and mailing documents to you and will reduce the impact of our Annual Meetings on the environment. If you choose to

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receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it.

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 41,297,873 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 by proxy. Stockholders have a choice of voting over the Internet by following the instructions provided in the Notice, or if you requested printed copies of the proxy materials, you can also vote by using a toll-free telephone number or completing a proxy card and mailing it in the postage-paid envelope provided. Please refer to your Notice or proxy card or the information forwarded by your bank, broker or other nominee to see which options are available to you. If you vote over the Internet or by telephone, you do NOT need to return your proxy card. If you vote by proxy, the individuals named on the proxy card as representatives will vote your shares of Common Stock in the manner you indicate. You may specify whether your shares of Common Stock should be voted for all, some or none of the nominees for director and whether your shares should be voted for or against the other proposals. 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 (including Internet or phone vote) 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 2012;

FOR approval of the executive compensation disclosed in this Proxy;

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FOR approval of the convertibility approval feature of the Series A Preferred Stock; and

FOR approval of the amendment to the Company's Articles of Amendment and Restatement increasing the amount of Preferred Stock the Company is authorized to issue to 20,000,000 shares.

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 2011 Annual Report and Annual Report on Form 10-K for the fiscal year ended December 31, 2011 (Form 10-K) have been provided to stockholders via our Notice. If you share an address with any of our other stockholders, your household might receive only one copy of the Notice. 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 Notice 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 to approve each Proposal 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 the votes cast is necessary for the election of the nominees for director.

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 2012.

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 this Proxy Statement.

Proposal 4: The affirmative vote of the holders of record of a majority of all the votes cast is required for the approval of the convertibility approval feature of the Series A Preferred Stock.

Proposal 5: The affirmative vote of the holders of record of two-thirds of all the votes entitled to be cast is required for the approval of the amendment to the Company's Articles of Amendment and Restatement increasing the amount of Preferred Stock the Company is authorized to issue to 20,000,000 shares.

Other Matters: The affirmative vote of the holders of record of a majority of all the 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

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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 only 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 Proposals 1, 3, 4 and 5 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.

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 2012, **for** approval of the executive compensation disclosed in this Proxy Statement, **for** the convertibility approval feature of the Series A Preferred Stock, **for** the amendment to the Company's Articles of Amendment and Restatement, 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 as recommended by the Board or, if there is no recommendation, 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.

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 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, as amended. 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's Series A Preferred Stock is listed on the NYSE under ticker symbol ELSPrA. The Company has also adopted a Business Ethics and Conduct Policy, which applies to all directors, officers and employees of the Company.

On December 22, 2011, the Company's Board approved an amendment of the Company's Guidelines on Corporate Governance to include a director resignation policy, whereby an incumbent director who fails to receive a majority of the votes cast at the Annual Meeting is expected to submit his or her resignation. If an incumbent director fails to receive a majority vote and tenders his or her resignation, the Compensation,

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Nominating and Corporate Governance Committee will make a recommendation to the Board as to whether to accept or reject the tendered resignation, or whether other action is recommended, taking into account any information that it considers appropriate and relevant, including the circumstances that led to the failure to receive the vote, if known. The Board will act on the tendered resignation within ninety (90) days following certification of the stockholder vote and will promptly disclose its decision and rationale as to whether to accept the resignation (or the reasons for rejecting the resignation, if applicable) in a press release, filing with the SEC or by other public announcement.

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. Five of the eight directors in office as of the date of the 2011 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

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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, 2011, the Board held six meetings and took five actions 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, 2011, the Executive Committee held no meetings and took no actions by unanimous written consent.

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

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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, 2011, the Compensation Committee held five meetings and took one action 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, 2011, the Audit Committee held twelve meetings and took no actions by unanimous written consent. The Audit Committee Report is included herein.

Board Member Nominations

Nominees for directors are selected by the Compensation, Nominating and Corporate Governance Committee. 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. 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

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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 current executive officers. Biographies of the director nominees are set forth below in Proposal 1.

Executive Officers

Thomas Heneghan, 48, is President and Chief Executive Officer of the Company. For his biographical information, please see Proposal 1 below.

Ellen Kelleher, 51, 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 Company's 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, 54, 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 June 1998 to December 1999, and Regional Vice President for the Company's Northeastern region from October 1997 to June 1998.

Marguerite Nader, 43, has been Executive Vice President and Chief Financial Officer since December 2011. Ms. Nader is also a member of the Company's Management Committee. Ms. Nader was Executive Vice President - New Business Development from February 2011 to December 2011. 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.

Seth Rosenberg, 42, has been Senior Vice President - Sales and Marketing since February 2010. Mr. Rosenberg is also a member of the Company's Management Committee. Mr. Rosenberg was General Manager of Active Outdoors - Campgrounds and General Manager of Active Outdoors, both business units of The Active Network, from 2009 to February 2010. Mr. Rosenberg was President of ReserveAmerica, then an operating business of IAC/InterActiveCorp, from 2007 to 2009. Mr. Rosenberg was Senior Vice President of Business Development and Client Services at ReserveAmerica from 2005 to 2007. Mr. Rosenberg served in various roles at ReserveAmerica from 2001 to 2005.

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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 \$4.7 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.

Ms. Sheli Rosenberg, who is a nominee for director, is not related to Mr. Seth Rosenberg, the Company's Senior Vice President Sales and Marketing.

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, 70, 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

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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 and chief executive officer of Equity Group Investments (EGI), a private investment company and division of Chai Trust Company, L.L.C., since January 2012 and served as chairman and president of EGI from 1999 through 2011. EGI provides investment management and accounting services to the Zell family trusts. Mr. Zell is also the co-founder and chairman of Equity International, a private investment firm focused on real estate-related companies outside the United States. For more than the past five years, Mr. Zell has served as chairman of the board of Anixter International, Inc., a global supplier of communications and security products; as chairman of the board of Equity Residential, a REIT that owns and operates apartment 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, an international leader in converting waste to energy, 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 private media conglomerate, 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 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. 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, 72, 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, 49, 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. 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, 53, has been a director of the Company since February 2009. Mr. Contis has been President Mall Platform and Senior Executive Vice President at Simon Properties Group, Inc., a retail REIT, since May 2011. Mr. Contis was President of Real Estate for EGI from November 2006 to May 2011. Mr. Contis was Executive Vice President and Chief Operating Officer of The Macerich Company, a shopping center REIT 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.

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Thomas Dobrowski, 68, 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, 48, 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 has served on the National Association of Real Estate Investment Trust (NAREIT) Board of Governors since 2010.

Sheli Rosenberg, 70, has been Of Counsel at Skadden, Arps, Slate, Meagher & Flom LLP since May 2011. Ms. Rosenberg 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 & Liebenritt from 1980 to September 1997. Ms. Rosenberg is a director of Nanosphere, Inc., a nanotechnology-based molecular diagnostics company and Ventas, Inc., an owner of real estate in the health care field. Ms. Rosenberg was a director of General Growth Properties, Inc. a shopping mall REIT until July 2011; a director of CVS Caremark Corporation, an owner and operator of drug stores until May 2011; a trustee of Equity Residential until May 2010, and a trustee of EOP until its sale in 2007.

Gary Waterman, 70, 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 has been a director of Avalara, Inc., a private software company since 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.

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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	Risk Management
Samuel Zell	X	X	X	X	X	X	X	X	X
Howard Walker	X	X	X	X		X	X	X	X
Philip Calian	X		X	X	X	X	X	X	X
David Contis	X	X	X						