

CAMDEN PROPERTY TRUST

Form DEF 14A

March 22, 2011

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

CAMDEN PROPERTY TRUST

(Name of Registrant as Specified In Its Charter)

Not Applicable

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

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- No fee required.
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 - (1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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CAMDEN PROPERTY TRUST
3 Greenway Plaza, Suite 1300
Houston, Texas 77046

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Date: May 11, 2011
Time: 9:00 a.m., central time
Place: Renaissance Hotel
6 Greenway Plaza East
Houston, Texas

Matters to be voted on:

1. To elect nine Trust Managers to hold office for a one-year term;
2. To ratify Deloitte & Touche LLP as our independent registered public accounting firm for 2011;
3. To approve a change in our state of formation from Texas to Maryland;
4. To approve our 2011 Share Incentive Plan;
5. To hold an advisory vote on executive compensation;
6. To hold an advisory vote on the frequency of holding an advisory vote on executive compensation; and
7. To act on any other matter which may properly come before the meeting.

The Board of Trust Managers recommends you vote FOR each of the nominees for Trust Manager, FOR approval of the change in our state of formation from Texas to Maryland, FOR approval of our 2011 Share Incentive Plan, FOR approval, on an advisory basis, of the compensation of our named executive officers, and FOR approval, on an advisory basis, of an annual advisory vote on executive compensation. The Audit Committee, which has the sole authority to retain our independent registered public accounting firm, recommends you vote FOR the ratification of Deloitte & Touche LLP as our independent registered public accounting firm for 2011.

Shareholders who are holders of record of common shares at the close of business on March 14, 2011 will be entitled to vote at the annual meeting.

Please contact our investor relations department at (800) 922-6336 or (713) 354-2787 if you have any questions.

By Order of the Board of Trust
Managers,

J. Robert Fisher
Vice President-General Counsel and
Secretary

March 22, 2011

**Important Notice Regarding Availability of Proxy Materials for our
Annual Meeting of Shareholders to be held on May 11, 2011**

The proxy statement and annual report to shareholders are available at www.proxyvote.com and in the investor relations section of our website at www.camdenliving.com under SEC Filings.

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INTRODUCTION

The Board of Trust Managers (the Board) of Camden Property Trust (the Company) is soliciting proxies to be used at the annual meeting. The proxy materials are first being sent on or about March 22, 2011 to all shareholders of record on March 14, 2011, the record date for the shareholders entitled to vote at the annual meeting.

The complete mailing address of the Company s executive offices is 3 Greenway Plaza, Suite 1300, Houston, Texas 77046.

The Company uses its website as a channel of distribution for Company information, and the Company s website address is www.camdenliving.com. The Company makes available free of charge on the Investor Relations section of its website its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission (the SEC) pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), and other reports the Company files with or furnishes to the SEC under the Exchange Act, including proxy statements and reports filed by officers and Trust Managers under Section 16(a) of the Exchange Act. The Company also makes available on the investor relations section of its website under Corporate Governance its Code of Business Conduct and Ethics, Guidelines on Governance, Code of Ethical Conduct for Senior Financial Officers and the charters of its Audit, Compensation, Corporate Governance and Nominating Committees.

INFORMATION ABOUT VOTING AND THE ANNUAL MEETING

Shares Outstanding

All shareholders of record on the close of business on March 14, 2011 are entitled to vote at the annual meeting. On March 14, 2011, the Company had 72,898,439 common shares outstanding; of this amount, 2,925,928 common shares are held in the Company s deferred benefit plans and are not entitled to vote. Each voting share is entitled to one vote.

Availability of Proxy Materials

The Company is pleased to continue to take advantage of the SEC rule which allows companies to furnish proxy materials to their shareholders over the Internet. As a result, the Company is mailing to most of its shareholders a Notice of Availability of Proxy Materials instead of a printed copy of all of the proxy materials. The Notice of Availability of Proxy Materials you received provides instructions on how to access and review the Company s proxy materials, submit your vote on the Internet and request a printed copy of the Company s proxy materials. The Company believes this process of sending you the Notice of Availability of Proxy Materials reduces the environmental impact of printing and distributing hard copy materials and lowers the cost of printing and distribution. If you previously requested printed copies of the proxy materials, the Company has provided you with printed copies of the proxy materials instead of the Notice of Availability of Proxy Materials. If you would like to reduce the environmental impact and the costs the Company incurs in mailing proxy materials, you may elect to receive all future proxy materials electronically via the Internet. To sign up for electronic delivery, please follow the instructions provided with your proxy materials and on your proxy card for electronic delivery of future proxy materials. The Company s annual report is being made available to all shareholders entitled to receive notice of and to vote at the annual meeting. The annual report is not incorporated into this proxy statement and should not be considered proxy solicitation material.

Voting

If on the record date your shares were registered directly in your name with the Company s transfer agent, you are a shareholder of record. As a shareholder of record, you may vote in person at the annual meeting or by proxy. To vote by proxy, sign and return the proxy card or submit your proxy via the Internet or by telephone by following the instructions on the Notice of Internet Availability of Proxy Materials or proxy card. Voting by proxy does not affect your right to vote in person at the annual meeting. Whether or not you plan to attend the meeting, the Company urges you to vote by proxy.

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If on the record date your shares were held through a broker, bank or other agent and not in your name, then you are a beneficial owner. If you are a beneficial owner, your shares are held in street name, as is the case for most of the Company's shareholders. As a beneficial owner, you should have received a voting instruction form with the voting instructions from the organization holding your account, rather than from the Company, and you have the right to direct how the shares in your account are to be voted. Please complete and mail the voting instruction form as instructed to ensure your vote is counted. Alternatively, you may vote by telephone or over the Internet if permitted by your bank, broker or other agent by following the instructions provided in the Notice of Availability of Proxy Materials or voting instruction form. As a beneficial owner, you are also invited to attend the annual meeting. However, since you are not a shareholder of record, you may not vote your shares in person at the annual meeting unless you request and obtain a valid proxy from your bank, broker or other agent. Follow the instructions from your broker, bank or other agent included with the proxy materials, or contact your bank, broker or other agent to request such form of proxy.

You may vote For all of the nominees for Trust Manager or you may Withhold your vote for any nominee you specify. You may vote For or Against, or Abstain from voting, for the ratification of Deloitte & Touche LLP (Deloitte) as the Company's independent registered public accounting firm for 2011 and for approval of the change in the Company's state of formation from Texas to Maryland, the 2011 Share Incentive Plan and the advisory vote on executive compensation. Finally, you may vote to have the advisory vote on executive compensation every year, every two years or every three years, or Abstain from voting on such matter.

If you indicate a choice on your proxy on a particular matter to be acted upon, the shares will be voted as indicated. If you are a shareholder of record and you return a signed proxy card but do not indicate how you wish to vote, the shares will be voted for all of the nominees for Trust Manager, for ratification of Deloitte as the Company's independent registered accounting firm for 2011, for approval of the change of the Company's state of formation from Texas to Maryland, for approval of the 2011 Share Incentive Plan, for approval of the advisory vote on executive compensation and to hold the advisory vote on executive compensation every year. If you do not sign a proxy card, your shares will not be voted and will not be deemed present for the purpose of determining whether a quorum exists. If you are a beneficial owner and the organization holding your account does not receive instructions from you as to how to vote those shares, under the rules of the New York Stock Exchange (the NYSE), that organization may exercise discretionary authority to vote on routine proposals (such as the proposal to ratify the selection of Deloitte as the Company's independent registered public accounting firm) but may not vote on non-routine proposals (such as the other matters). As a beneficial owner, you will not be deemed to have voted on such non-routine proposals. The shares which cannot be voted by banks, brokers or other agents on non-routine matters are called broker non-votes. Broker non-votes will be deemed present at the annual meeting for purposes of determining whether a quorum exists for the annual meeting. Broker non-votes will make a quorum more readily obtainable, but will not be counted as votes cast. For election of Trust Managers, absentions and broker non-votes will not affect the vote outcome. For ratification of the appointment of the Company's independent registered accounting firm, an absention will have the same effect as an Against vote, and as this is a routine matter, there will not be any broker non-votes. For approval of the change of the Company's state of incorporation, an absention or broker non-vote will have the same effect as an Against vote. For approval of the Company's 2011 Share Incentive Plan and approval of the advisory vote on executive compensation, an absention will have the same effect as an Against vote, but a broker non-vote will not effect the vote outcome. For the advisory vote on the frequency of the submission to shareholders of the advisory vote on executive compensation, absentions and broker non-votes will not affect the vote outcome.

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Revoking a Proxy

If you are a shareholder of record, you may revoke your proxy at any time before the annual meeting by delivering a written notice of revocation or a duly executed proxy card bearing a later date to the Company's principal executive offices at 3 Greenway Plaza, Suite 1300, Houston, Texas 77046, attention: Corporate Secretary. Such notice or later dated proxy must be received by the Company prior to the annual meeting. You may also revoke your proxy by attending the Annual Meeting and voting in person.

If you are a beneficial owner, please contact your broker, bank or other agent for instructions on how to revoke your proxy.

Quorum

The Company needs a quorum of shareholders to hold its annual meeting. A quorum exists when at least a majority of the Company's outstanding shares entitled to vote on the record date are represented at the annual meeting either in person or by proxy. Your shares will be counted towards the quorum only if you submit a valid proxy or vote at the annual meeting. Shareholders who vote Abstain on any proposal and discretionary votes by brokers, banks and related agents on the routine proposal to ratify the appointment of the Company's independent registered accounting firm will be counted towards the quorum requirement.

Proxy Solicitation Costs

The Company will pay all of the costs of soliciting proxies. Some of the Company's Trust Managers, officers and other employees may solicit proxies personally or by telephone, mail, facsimile or other electronic means of communication. They will not be specially compensated for these solicitation activities. Arrangements will also be made with brokerage firms and other custodians for their reasonable expenses for forwarding solicitation materials to the beneficial owners of shares. The Company may retain a proxy soliciting firm to assist in the solicitation of proxies, and does not expect the related solicitation fee to exceed \$10,000 plus out-of-pocket expenses.

Householding

The SEC has adopted rules which permit companies and intermediaries (for example, brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more shareholders sharing the same address by delivering a single proxy statement or Notice of Availability of Proxy Materials addressed to those shareholders. A number of brokers with account holders who are shareholders of the Company household the Company's proxy materials in this manner. If you have received notice from your broker it will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement, annual report or Notice of Availability of Proxy Materials, please notify your broker and the Company's investor relations department in writing at 3 Greenway Plaza, Suite 1300, Houston, Texas 77046 or by telephone at (800) 922-6336 or (713) 354-2787. If you currently receive multiple copies of the Notice of Availability of Proxy Materials or proxy statement at your address and would like to request householding of your communications, please contact your broker.

Other Business

The Company does not know of any matter to be presented or acted upon at the meeting, other than the proposals described in this proxy statement. If any other matter is presented at the meeting on which a vote may be properly taken, the shares represented by proxies will be voted in accordance with the judgment of the persons named as proxies on the proxy card or voting instruction form.

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GOVERNANCE OF THE COMPANY

Board Independence and Meetings

The Board believes the purpose of corporate governance is to ensure the Company maximizes shareholder value in a manner consistent with legal requirements and the highest standards of integrity. The Board has adopted and adheres to corporate governance practices the Board and senior management believe promote this purpose, are sound and represent best practices. The Company continually reviews these governance practices, the rules and listing standards of the NYSE and SEC regulations, as well as best practices suggested by recognized governance authorities. Currently, the Board has ten members. William R. Cooper is retiring from the Board effective as of the time of the annual meeting and, at such time, there will be one vacancy on the Board. The Board currently expects to add an additional member to the Board in the future. To determine which of its members are independent, the Board used the independence standards adopted by the NYSE for companies listed on such exchange and also considered whether a Trust Manager had any other past or present relationships with the Company which created conflicts or the appearance of conflicts. The Board determined no Trust Manager, other than Richard J. Campo and D. Keith Oden, each of whom is employed by the Company, had any material relationship with the Company under the NYSE standards. As a result, the Company has a majority of independent Trust Managers on its Board as required by the listing requirements of the NYSE.

The Board met either in person or by conference call five times in 2010. All of the Trust Managers attended 75% or more of meetings of the Board and the committees on which they served during 2010. The Company encourages all of its Trust Managers to attend the annual meeting. Nine Trust Managers attended last year's annual meeting in person.

Executive Sessions

Independent Trust Managers have regularly scheduled executive sessions in which they meet without the presence of management or management Trust Managers. These executive sessions typically occur before or after each regularly scheduled meeting of the Board. Any independent Trust Manager may request an additional executive session be scheduled. The presiding Trust Manager over these executive sessions is Lewis A. Levey, the Lead Independent Trust Manager.

Board Leadership Structure; Board Role in Risk Oversight

Since the Company's IPO in 1993, the Company has operated using the traditional U.S. board leadership structure, under which the Company's Chairman of the Board also serves as its Chief Executive Officer. Over this period, Mr. Campo has held both of these positions, and Mr. Oden has served as President with responsibility for the management of the Company's operations. Messrs. Campo and Oden were the Company's co-founders and have partnered to lead the Company's growth and success. Having Mr. Campo serve as both Chairman and CEO has eliminated the potential for confusion or duplication of efforts. The Company believes it has been well-served by this leadership structure and having one person serve as Chief Executive Officer and Chairman is best for the Company and its shareholders.

Of the seven independent Trust Managers nominated for re-election at the meeting, five are currently serving or have served as a chief executive officer and/or chairman of the board of public companies. With respect to the Company's two other independent Trust Managers, one was the founder and has been the CEO or senior executive officer of large media companies and both have extensive experience serving on public boards. Accordingly, the Company believes all of its independent Trust Managers have demonstrated leadership in large enterprises and all are familiar with board processes. For additional information about the backgrounds and qualifications of the Trust Managers, see "Trust Manager Qualifications" and "Election of Trust Managers" in this proxy statement.

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The Board has four committees comprised solely of independent Trust Managers Audit, Compensation, Nominating and Corporate Governance with each having a separate chair. Among various other duties set forth in the committee charters, (a) the Compensation Committee oversees the annual performance evaluation of the Company's Chairman and Chief Executive Officer, President and other executive officers, (b) the Corporate Governance Committee is responsible for succession planning and monitors Board performance and best practices in corporate governance, (c) the Nominating Committee monitors the composition of the Board and its committees, and (d) the Audit Committee oversees the accounting and financial reporting processes as well as legal, compliance and risk management matters. The chair of each of these committees is responsible for directing the work of the committee in fulfilling these responsibilities.

The entire Board is actively involved in overseeing risk management; however, in accordance with NYSE requirements, the Audit Committee charter provides for the Audit Committee to exercise primary responsibility for overseeing the Company's risk management function. Management regularly provides updates on risk management to the Audit Committee and the entire Board, and the Board regularly discusses the most significant market, credit, liquidity and operational risks the Company is facing. The Board also engages in regular discussions regarding risk management and related matters with the Company's Chief Executive Officer, President, Chief Operating Officer, Chief Financial Officer, and other officers as the Board may deem appropriate.

In addition, each of the Board committees considers the risks within its area of responsibilities. For example, the Compensation Committee considers the risks which may be implicated by the executive compensation programs. The Company believes the leadership structure of the Board supports the Board's effective oversight of risk management. In accordance with the Company's bylaws and Guidelines on Governance, the Board is responsible for selecting the Chief Executive Officer and the Chairman of the Board. The Guidelines on Governance have at all times required the appointment of an Independent Lead Trust Manager.

Under the Company's Bylaws and Guidelines on Governance, the Chairman of the Board is responsible for chairing Board meetings and annual shareholder meetings, setting the agendas for these meetings in consultation with the Lead Independent Trust Manager, and providing information to Board members in advance of each Board meeting and between Board meetings. Under the Guidelines on Governance, any Board member may recommend the inclusion of specific agenda items to the Chairman, the Lead Independent Trust Manager or the appropriate committee chair and such recommendations will be accommodated to the extent practicable. Under the Guidelines on Governance, the Lead Independent Trust Manager is responsible for the following:

- presiding at all meetings of the Board at which the Chairman is not present;
- calling, developing the agenda for and presiding at executive sessions of the independent Trust Managers, and taking the lead role in communicating to the Chairman any feedback, as appropriate;
- assisting in the recruitment of Board candidates;
- servicing as principal liaison between the independent Trust Managers and the Chairman;
- communicating with Trust Managers between meetings when appropriate;
- consulting with the Chairman regarding the information, agenda and schedules of the meetings of the Board;
- monitoring the quality, quantity and timeliness of information sent to the Board;
- working with committee chairs to ensure committee work is conducted at the committee level and reported to the Board;

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facilitating the Board's approval of the number and frequency of Board meetings, as well as meeting schedules to assure there is sufficient time for discussion of all agenda items;
recommending to the Chairman the retention of outside advisors and consultants who report directly to the Board on Board-wide issues;
being available, when appropriate, for consultation and direct communication with shareholders and other external constituencies, as needed; and
serving as a contact for shareholders wishing to communicate with the Board other than through the Chairman.

Pursuant to the Guidelines on Governance, independent Trust Managers have regularly scheduled executive sessions in which they meet without the presence of management or management Trust Managers. These executive sessions typically occur before or after each regularly scheduled meeting of the Board. Any independent Trust Manager may request an additional executive session be scheduled. The presiding Trust Manager over these executive sessions is the Lead Independent Trust Manager. The Company notes the responsibilities assigned to the Lead Independent Trust Manager are consistent with generally accepted requirements for a countervailing governance structure where a company does not have an independent board chairman.

The Company believes, in addition to fulfilling the Lead Independent Trust Manager responsibilities, the Trust Managers who have served as Lead Independent Trust Manager have made valuable contributions to the Company. The following have been among the most important contributions of the Lead Independent Trust Managers:

monitoring the performance of the Board and seeking to develop a high-performing Board by, for example, helping the Trust Managers reach consensus, keeping the Board focused on strategic decisions, taking steps to ensure all the Trust Managers are contributing to the work of the Board, and coordinating the work of the Board committees;
developing a productive relationship with the Chief Executive Officer and ensuring effective communication between the Chief Executive Officer and the Board; and
ensuring and supporting effective shareholder communications.

On an annual basis, as part of the Company's review of corporate governance and succession planning, the Board (led by the Corporate Governance Committee) evaluates the Board leadership structure to ensure it remains the optimal structure for the Company and its shareholders.

The Company recognizes different board leadership structures may be appropriate for companies with different histories and cultures, as well as companies with varying sizes and performance characteristics. The Company believes its current leadership structure under which its Chief Executive Officer serves as Chairman of the Board, the Board committees are chaired by, and all of the members are, independent Trust Managers, and a Lead Independent Trust Manager assumes specified responsibilities on behalf of the independent Trust Managers remains the optimal board leadership structure for the Company and its shareholders.

Share Ownership Guidelines

The Board has adopted a share ownership policy for Trust Managers. The policy provides for a minimum beneficial ownership target of the Company's common shares with a market value of \$250,000 within three years of joining the Board. All Trust Managers who have served on the Board for three or more years currently meet this ownership target.

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The Board has established five committees. Information regarding these committees is set forth below.

Audit Committee. The current members of the Audit Committee are Scott S. Ingraham (Chair), William G. McGuire, Jr. and Kelvin R. Westbrook. Each member of the Audit Committee satisfies the requirements for independence set forth in Rule 10A-3(b)(1) of the Exchange Act and the NYSE's listing standards. The Board, after reviewing all of the applicable facts, circumstances and attributes, has determined Mr. Ingraham is an audit committee financial expert, as such term is defined in Item 407(d)(5)(ii) of Regulation S-K.

The Audit Committee operates under a written charter adopted by the Board, which was last amended on February 25, 2010. The Audit Committee reviews and assesses the adequacy of its charter on an annual basis. The Report of the Audit Committee is set forth beginning on page 47 of this proxy statement.

The Audit Committee's responsibilities include assisting the Board in overseeing the integrity of the Company's consolidated financial statements, its compliance with legal and regulatory requirements, the independent registered public accounting firm's qualifications and independence and the performance of the Company's independent registered public accounting firm. In addition, the Audit Committee reviews, as it deems appropriate, the adequacy of the Company's systems of disclosure controls and internal controls regarding financial reporting and accounting. In accordance with its charter, the Audit Committee has the sole authority to appoint and replace the independent registered public accounting firm, who reports directly to the Audit Committee, approve the engagement fee of the independent registered public accounting firm and pre-approve the audit services and any permitted non-audit services the independent registered public accounting firm may provide to the Company. During 2010, no member of the Audit Committee served on more than two other public company audit committees. The Audit Committee met six times in 2010.

Compensation Committee. The current members of the Compensation Committee are William F. Paulsen (Chair), F. Gardner Parker and Steven A. Webster. Each member of the Compensation Committee satisfies the requirements for independence set forth in the NYSE's listing standards. The Compensation Committee operates under a written charter adopted by the Board, which was last amended on February 19, 2009. The Compensation Committee reviews and assesses the adequacy of its charter on an annual basis. The Compensation Committee's responsibilities include overseeing the Company's compensation programs and practices and determining compensation for the Company's executive officers. The Compensation Committee met eight times in 2010.

Nominating Committee. The current members of the Nominating Committee are Kelvin R. Westbrook (Chair), William F. Paulsen and F. Gardner Parker. Each member of the Nominating Committee satisfies the requirements for independence set forth in the NYSE's listing standards. The Nominating Committee operates under a written charter adopted by the Board, which was last amended on February 19, 2009. The Nominating Committee reviews and assesses the adequacy of its charter on an annual basis. The Nominating Committee's responsibilities include selecting the Trust Manager nominees for election at annual meetings of shareholders. The Nominating Committee met two times in 2010.

Corporate Governance Committee. The current members of the Corporate Governance Committee are William B. McGuire, Jr. (Chair), Scott S. Ingraham and Steven A. Webster. Each member of the Corporate Governance Committee satisfies the requirements for independence set forth in the NYSE's listing standards. The Corporate Governance Committee operates under a written charter adopted by the Board, which was last amended on February 19, 2009. The Corporate Governance Committee reviews and assesses the adequacy of its charter on an annual basis. The Corporate Governance Committee's responsibilities include ensuring the Board and management are appropriately constituted to meet their fiduciary obligations to the Company's shareholders and the Company by developing and implementing policies and processes regarding corporate governance matters. The Corporate Governance Committee met one time in 2010.

Executive Committee. The current members of the Executive Committee are Richard J. Campo (Chair), William F. Paulsen and Lewis A. Levey. The executive committee may approve the acquisition and disposal of investments and the execution of contracts and agreements, including those related to the borrowing of money. The Executive Committee may also exercise all other powers of the Trust Managers, except for those which require action by all Trust Managers or the independent Trust Managers under the Company's declaration of trust or bylaws or under

applicable law. The executive committee did not meet in 2010.

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Consideration of Trust Manager Nominees

Shareholder Nominees. The policy of the Nominating Committee is to consider all properly submitted shareholder nominations for candidates for membership on the Board. In evaluating such nominations, the Nominating Committee will seek to achieve a balance of knowledge, experience and capability on the Board and to address the membership criteria described below under Trust Manager Qualifications. The Nominating Committee will apply the same criteria to all candidates it considers, including any candidates submitted by shareholders. Any shareholder nomination proposed for consideration by the Nominating Committee should include the nominee's name and qualifications for Board membership and should be addressed to:

Corporate Secretary
Camden Property Trust
3 Greenway Plaza, Suite 1300
Houston, Texas 77046

In addition, the Company's bylaws permit nominations of Trust Managers at any annual meeting of shareholders by the Board or a committee of the Board or by a shareholder of record entitled to vote at the annual meeting. In order for a shareholder to make a nomination, the shareholder must provide a notice along with the additional information and material required by the Company's bylaws to its corporate secretary at the address set forth above not less than 60 nor more than 90 days prior to the date of the applicable annual meeting. However, if the Company does not provide at least 70 days notice or prior public disclosure of the date of the meeting, the Company must receive notice from a shareholder no later than the close of business on the 10th day following the day on which such notice of the date of the applicable annual meeting was mailed or such public disclosure of the date of such annual meeting was made, whichever first occurs. You may obtain a copy of the full text of the bylaw provision by writing to the Company's corporate secretary at the address set forth above. A copy of the Company's bylaws has been filed with the SEC as an exhibit to its Annual Report on Form 10-K for the year ended December 31, 1997 and an amendment thereto has been filed with the SEC as an exhibit to its Current Report on Form 8-K dated May 2, 2006.

Identifying and Evaluating Nominees. The Nominating Committee regularly assesses the appropriate size of the Board, and whether any vacancies on the Board are expected due to retirement or otherwise. William R. Cooper is retiring from the Board effective as of the time of the annual meeting and, at such time, there will be one vacancy on the Board. The Board has commenced a process to identify and appoint an additional Trust Manager to fill the vacancy and has retained a consulting firm to assist the Board in connection with filling the vacancy on the Board. With respect to this vacancy, and in the event other vacancies are anticipated, or otherwise arise, the Nominating Committee is utilizing and intends to continue to utilize a variety of methods for identifying and evaluating nominees for Trust Manager. Candidates may come to the attention of the Nominating Committee through current Board members, professional search firms, shareholders or other persons. These candidates will be evaluated at regular or special meetings of the Nominating Committee, and may be considered at any point during the year. As described above, the Nominating Committee will consider all properly submitted shareholder nominations for candidates to the Board. Following verification of the shareholder status of persons proposing candidates, recommendations will be aggregated and considered by the Nominating Committee at a regularly scheduled meeting, which is generally the first meeting prior to the issuance of the proxy statement for the Company's annual meeting. If any materials are provided by a shareholder in connection with the nomination of a Trust Manager candidate, such materials will be forwarded to the Nominating Committee. The Nominating Committee may also review materials provided by professional search firms or other parties, and/or utilize the findings or recommendations of a search committee composed of other Trust Managers, in connection with a nominee who is not proposed by a shareholder. In evaluating such nominations, the Nominating Committee will seek to achieve a balance of knowledge, experience and capability on the Board.

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Trust Manager Qualifications. The Guidelines on Governance contain Board membership criteria which the Nominating Committee uses in evaluating nominees for a position on the Board. Under these criteria, a majority of the Board must be comprised of independent Trust Managers. The Nominating Committee works with the Board to determinate the appropriate characteristics, skills and experiences for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience. Characteristics expected of each Trust Manager include integrity, high personal and professional ethics, sound business judgment, and the ability and willingness to commit sufficient time to the Board. In evaluating the suitability of individual Board members, the Nominating Committee takes into account an understanding of the Company's business, including real estate markets generally, the development, ownership, operation and financing of multifamily communities, and various matters unique to REITs. The Nominating Committee considers a number of other factors, including a general understanding of finance and other disciplines relevant to the success of a large publicly-traded company in today's business environment, educational and professional background, personal accomplishment, and geographic, gender, age and ethnic diversity. The Board evaluates each individual in the context of the Board as a whole, with the objective of recommending a group which can best perpetuate the success of the Company's business and represent shareholder interests through the exercise of sound judgment using its diversity of experience. The Nominating Committee evaluates each incumbent Trust Manager to determine whether he should be nominated to stand for re-election, based on the types of criteria outlined above as well as the Trust Manager's contributions to the Board during his current term.

Each of the nominees for election to the Board this year has previously served as a member of the Board. In addition to fulfilling the criteria described above, each nominee also brings a strong background and set of skills to the Board, giving the Board as a whole competence and experience in a wide variety of areas, including corporate governance and Board service, executive management, media and technology enterprises, private equity investment, and multifamily and related businesses. Set forth below are the conclusions reached by the Board with regard to its nominees.

Messrs. Campo and Oden co-founded the Company's predecessor companies in 1982 and have spent almost 30 years building the Company from a Texas-based real estate firm with assets valued at \$200 million in 1993 to an industry leader with a national footprint and real estate assets totaling over \$5 billion.

Mr. Campo's leadership in the multifamily industry is further evidenced by his being named in December 2009 by *Multifamily Executive* magazine as one of the 10 most influential executives of the decade and his holding strategic roles within the real estate industry, having served on the executive board as chairman for the National Multi-Housing Council (NMHC), as an executive committee member for the Urban Land Institute (ULI) and on the board of directors of the National Association of Real Estate Investment Trusts (NAREIT). He is also involved in numerous local charitable organizations and has served on the boards of directors of several organizations which focus on the economic development, business outlook and future growth of Houston.

Mr. Oden drives the Company's strategic initiatives, leads the property operations and corporate support services, and promotes the Company's culture. Through Mr. Oden's leadership, the Company has been on the leading edge of incorporating technology into the Company's platform through web-based property management and revenue management systems to strengthen on-site operations. Mr. Oden leads the Company's strong workplace culture based on collaboration, trusting relationships and fun, resulting in the Company being named by *FORTUNE*[®] magazine for the fourth consecutive year as one of the 100 Best Companies to Work For in America, placing 7th on the current list, and 3rd in the small company category, and 4th on the current list of the Best Companies to Work for in Texas.

Mr. Oden is a member of the Executive Council of the Center for Real Estate Finance at the University of Texas and serves as advisor, financial supporter, guest lecturer, and panelist for the faculty and students pursuing their MBAs in real estate finance.

Mr. Ingraham brings marketing and business leadership skills from his being a co-founder of three start-up companies, including the multifamily residential real estate leasing web site, Rent.com. He also has over 30 years of experience in other commercial real estate related endeavors and has served as chief executive officer of a public multifamily REIT. Mr. Ingraham also has experience in finance, including real estate investment banking, and qualifies as an audit committee financial expert under SEC guidelines. He is also a member of the board of directors of a public

commercial real estate Internet listing web site and a public office property REIT, and serves on each of their audit committees.

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Mr. Levey's experience as a co-founder of a public multifamily REIT and a real estate investment firm, where he provides strategic real estate consulting and advisory services to both private and institutional owners as well as leasing and management services, gives him the leadership and consensus-building skills to serve as the Lead Independent Trust Manager. He also serves on the board of directors of a public financial services company and is active in business organizations including formerly serving in leadership positions with the Urban Land Institute (ULI) and National Multi-Housing Council (NMHC), and serves on the boards of directors of various civic organizations.

Mr. McGuire brings almost 40 years of experience in real estate brokerage, development and management to the Board, including as chairman of the board of a public multifamily REIT. He has been active in a number of professional and community organizations, including the Urban Land Institute (ULI), The Charlotte City Club and Habitat for Humanity of Charlotte, and is the founder and former president of The Neighborhood Medical Clinic.

Mr. Paulsen has almost 30 years of experience in multifamily development and management, including as co-chairman of the board and chief executive officer of a public multifamily REIT. He has also served on the board of directors of a public structured finance REIT, and has been active in a number of professional and community organizations.

Mr. Parker has an extensive background in public accounting. He was a partner of one of the world's largest accounting firms and serves on the boards and audit committees of several public and private companies. He also brings financial experience to the Board through his involvement in structuring private and venture capital investments for the past 25 years. Mr. Parker is board certified by the National Association of Corporate Directors (NACD).

Mr. Webster brings business leadership skills from his over 30-year career in venture capital and investment activities. He has founded an investment banking firm, a public offshore drilling contractor and a public oil and gas exploration and production company. Mr. Webster also co-founded and/or was a lead investor in numerous other successful ventures in the energy business, and he has been a lead investor in several companies outside the energy business. He currently serves as co-chief executive officer and co-managing partner of a private equity investment firm and as a director of several other companies.

Mr. Westbrook brings legal, media and marketing expertise to the Board. He is a former partner of a national law firm and was the president, chief executive officer and co-founder of two large cable television and broadband companies. Mr. Westbrook currently serves on the boards of two other public companies and a multi-billion dollar not-for-profit healthcare services company and devotes energy to community projects and charity work in St. Louis. He has been featured by *Black Enterprise* magazine as the CEO of one of the nation's 100 largest businesses owned by African Americans.

Limits on Service on Other Boards. In the Guidelines on Governance, the Board recognized its members benefit from service on the boards of other companies. The Company encourages this service but also believes it is critical Trust Managers have the opportunity to dedicate sufficient time to their service on the Board. To this end, the Guidelines on Governance provide employee Trust Managers may not serve on more than two public company boards in addition to the Board. Individuals who serve on more than six other public company boards will not normally be asked to join the Board and individuals who serve on more than two other public company audit committees will not normally be asked to join the Audit Committee unless, in any such case, the Board determines such simultaneous service would not impair the ability of such individual to effectively serve on the Board or the Audit Committee.

Term Limits; Retirement Age. Trust Managers hold office for one-year terms. The Guidelines on Governance provide, as a general matter, non-employee Trust Managers will not stand for election to a new term of service at any annual meeting following their 75th birthday. As a result of this practice, William R. Cooper is retiring from the Board effective as of the time of the annual meeting. The Board may approve exceptions to this practice when it believes it is in the Company's interest to do so. The Board does not believe it should establish term limits for Trust Manager service, instead preferring to rely upon the mandatory retirement age and the evaluation procedures described above as the primary methods of ensuring each Trust Manager continues to act in a manner consistent with the best interests of the Company, its shareholders and the Board. The Board believes term limits have the disadvantage of losing the contribution of Trust Managers who have been able to develop, over a period of time, increasing insight into the

Company and its operations and, therefore, provide an increasing contribution to the Board as a whole.

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Guidelines on Governance and Codes of Ethics

The Board has adopted Guidelines on Governance to address significant corporate governance issues. These guidelines provide a framework for the Company's corporate governance initiatives and cover a variety of topics, including the role of the Board, Board selection and composition, Board committees, Board operation and structure, Board orientation and evaluation, Board planning and oversight functions and executive share ownership. The Corporate Governance Committee is responsible for overseeing and reviewing the guidelines and reporting and recommending to the Board any changes to the guidelines.

The Board has also adopted a Code of Business Conduct and Ethics, which is designed to help officers, Trust Managers and employees resolve ethical issues in an increasingly complex business environment. It covers topics such as reporting unethical or illegal behavior, compliance with law, share trading, conflicts of interest, fair dealing, protection of the Company's assets, disclosure of proprietary information, internal controls, personal community activities, business records, communication with external audiences and obtaining assistance to help resolve ethical issues. The Company has also adopted a Code of Ethical Conduct for Senior Financial Officers, which is applicable to the Company's principal executive officer, principal financial officer, principal accounting officer, controller and persons performing similar functions.

Communication With the Board

Any shareholder or interested party who wishes to communicate with the Board or any specific Trust Manager, including independent Trust Managers, may write to:

Mr. Lewis A. Levey
Lead Independent Trust Manager
Camden Property Trust
3 Greenway Plaza, Suite 1300
Houston, Texas 77046

Depending on the subject matter, Mr. Levey will:

forward the communication to the Trust Manager or Trust Managers to whom it is addressed (for example, if the communication received deals with questions, concerns or complaints regarding accounting, internal accounting controls and auditing matters, it will be forwarded to the chair of the Audit Committee for review);

forward to management if appropriate (for example, if the communication is a request for information about the Company or its operations or it is a share-related matter which does not appear to require direct attention by the Board or an individual Trust Manager); or

not forward the communication if it is primarily commercial in nature or if it relates to an improper or irrelevant topic.

At each meeting of the Board, the Lead Independent Trust Manager will present a summary of all communications received since the last meeting of the Board and will make those communications available to any Trust Manager on request.

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There are currently ten Trust Managers on the Board. William R. Cooper is retiring from the Board effective as of the time of the annual meeting and, at such time, there will be one vacancy on the Board. The Board currently expects to add an additional member to the Board in the future. The Nominating Committee of the Board recommended, and the Board has selected, each of the other nine current Trust Managers as a nominee for election at the annual meeting. No Trust Manager was selected for nomination at the 2011 annual meeting as a result of any arrangement or understanding between that Trust Manager and any other person.

Trust managers elected at the meeting will hold office for a one-year term. Unless you withhold authority to vote for one or more nominees, the persons named as proxies intend to vote for election of the nine nominees.

All nominees have consented to serve as Trust Managers. The Board has no reason to believe any of the nominees will be unable to act as Trust Manager. However, if a Trust Manager is unable to stand for re-election, the Board may either reduce the size of the Board or the Nominating Committee may designate a substitute. If a substitute nominee is named, the proxies will vote for the election of the substitute.

Set forth below are the nominees, together with their age, biographical information and directorships held at public companies during the previous five years. For information regarding the conclusions reached by the Board with regard to its nominees, see Governance of the Company Consideration of Trust Manager Nominees Trust Manager Qualifications.

Richard J.***Campo***

Age: 56
 Trust Manager 1993
 Since:
 Principal Chairman of the Board and Chief Executive Officer of the Company since 1993
 Occupation:
 Other Current None
 Directorships:
 Past None
 Directorships:

Scott S.***Ingraham***

Age: 57
 Trust Manager 1998
 Since:
 Principal Private Investor and Strategic Advisor since 2005
 Occupation:
 Other Current LoopNet, Inc. (online commercial real estate services), Kilroy Realty, Inc. (office property REIT)
 Directorships:
 Past None
 Directorships:

Lewis A. Levey

Age: 69
 Trust Manager 1997 (Lead Independent Trust Manager since February 2008)
 Since:
 Principal Chairman of Enhanced Value Strategies, Inc., a management consulting firm,
 Occupation:
 and a principal of EVS Realty Advisors, Inc., a commercial real estate

Other Current Directorships: brokerage, management and leasing firm, since 1997.
Enterprise Financial Services Corp. (financial services)
Past Directorships: None

William B. McGuire, Jr.

Age: 66
Trust Manager Since: 2005
Principal Occupation: Private Investor since 2005
Other Current Directorships: None
Past Directorships: None

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Age: 54
 Trust Manager Since: 1993
 Principal Occupation: President of the Company since March 2008.
 Recent Business Experience: President and Chief Operating Officer of the Company from December 1993 to March 2008
 Other Current Directorships: None
 Past Directorships: None

William F. Paulsen

Age: 64
 Trust Manager Since: 2005
 Principal Occupation: Private Investor since 2005
 Other Current Directorships: None
 Past Directorships: Crystal River Capital, Inc. (structured finance REIT) (2005-2010)

F. Gardner Parker

Age: 69
 Trust Manager Since: 1993 (Lead Independent Trust Manager 1998 to February 2008)
 Principal Occupation: Private Investor since 1984
 Other Current Directorships: Carrizo Oil & Gas, Inc. (oil and gas exploration and development), sharps Compliance Corp. (waste management services), Hercules Offshore, Inc. (offshore drilling and liftboat services), Triangle Petroleum Corporation (oil and gas exploration and development)
 Past Directorships: Blue Dolphin Energy Company (energy transmission) (2004-2006), Pinnacle Gas Resources, Inc. (natural gas exploration and development) (2003-2010)

Steven A. Webster

Age: 59
 Trust Manager Since: 1993
 Principal Occupation: Co-Chief Executive Officer and Co-Managing Partner, Avista Capital Partners, a private equity investment firm, since 2005
 Other Current Directorships: Carrizo Oil & Gas, Inc. (oil and gas exploration and development), Basic Energy Services, Inc. (oil and gas wellsite services), Seacor Holdings, Inc. (tanker and marine services), Hercules Offshore, Inc. (offshore drilling and liftboat services), Geokinetics Inc. (seismic data acquisition services)
 Past Directorships: Pinnacle Gas Resources, Inc. (natural gas exploration and development) (2003-2009), Encore Bancshares (bank holding company) (2000-2009), Solitario Resource Corporation (precious metal exploration) (2006-2008), Brigham Exploration Company (oil and gas) (2000-2007), Goodrich Petroleum Corporation (oil and gas) (2003-2007), Grey Wolf, Inc. (land drilling) (1996-2008), Crown Resources Corporation (precious metal exploration) (1988-2006)

Kelvin R. Westbrook

Age: 55
 Trust Manager Since: 2008
 Principal Occupation: President and Chief Executive Officer of KRW Advisors, LLC, a privately-held company in the business of providing consulting and advisory services in the telecommunications, media and other industries, since September 2007
 Recent Business Experience: Chairman and Chief Strategic Officer of Broadstripe, LLC (formerly known as Millennium Digital Media Systems, L.L.C.) (broadband communication services) from October 2006 to

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September 2007. President and Chief Executive Officer of Broadstripe, LLC from 1997 to October 2006.

Other Current Directorships: Archer-Daniels Midland Company (agribusiness-crop origination and transportation), Stifel Financial Corp. (financial services)

Past Directorships: None

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Each nominee must be re-elected by the affirmative vote of the holders of a majority of the shares present in person or represented by proxy at the annual meeting.

The Board recommends you vote FOR the nominees listed above.

EXECUTIVE OFFICERS

There is no family relationship among any of the Trust Managers or executive officers. No executive officer was selected as a result of any arrangement or understanding between that executive officer and any other person. All executive officers are elected annually by, and serve at the discretion of, the Board.

The Company's current executive officers and their ages, current positions, and recent business experience (all of which was with the Company or its wholly-owned subsidiaries) are as follows:

Name	Age	Position	Recent Business Experience
Richard J. Campo	56	Chairman of the Board and Chief Executive Officer (May 1993-present)	
D. Keith Oden	54	President (May 1993-present)	
H. Malcolm Stewart	59	Chief Operating Officer (March 2008-present)	Executive Vice President-Real Estate Investments and Chief Investment Officer (September 1998-March 2008)
Dennis M. Steen	52	Senior Vice President-Finance and Chief Financial Officer (September 2003-present)	
Stephen R. Hefner	48	Senior Vice President-Construction (March 2008-present)	Vice President-Construction (March 1998-March 2008)
Alexander J.K. Jessett	36	Senior Vice President-Finance and Treasurer (December 2009-present)	Vice President-Finance and Treasurer (March 2004-December 2009)
Cynthia B. Scharringhausen	51	Senior Vice President-Human Resources (March 2008-present)	Vice President-Human Resources (April 2000-March 2008)
William W. Sengelmann	52	Senior Vice President-Real Estate Investments (March 2008-present)	Vice President-Real Estate Investments (January 1998-March 2008)
Kristy P. Simonette	44	Senior Vice President Strategic Services (December 2009-present)	Vice President Information Technology and Chief Information Officer (May 2008-December 2009)

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table shows how many shares were owned by the Trust Managers and named executive officers as of March 14, 2011, including shares such persons had a right to acquire within 60 days after March 14, 2011 through the exercise of vested options to purchase shares held in a rabbi trust, ordinary share options and through the exchange of units of limited partnership interest in the Company's operating partnerships. The following table also shows how many shares were owned by beneficial owners of more than 5% of the Company's common shares as of March 14, 2011. Unless otherwise noted, each person has sole voting and investment power over the shares indicated below.

Name and Address of Beneficial Owners ⁽¹⁾	Shares Beneficially Owed ⁽²⁾⁽³⁾	
	Amount	Percent of Class ⁽⁴⁾
Invesco Ltd. ⁽⁵⁾	7,520,549	10.7%
The Vanguard Group, Inc. ⁽⁶⁾	7,210,486	10.3%
BlackRock, Inc. ⁽⁷⁾	5,533,476	7.9%
Morgan Stanley ⁽⁸⁾	3,789,669	5.4%
Morgan Stanley Investment Management Inc. ⁽⁹⁾	3,772,203	5.4%
FMR LLC/Edward C. Johnson 3d ⁽¹⁰⁾	3,655,089	5.2%
Vanguard Specialized Funds-Vanguard REIT Index Fund ⁽¹¹⁾	3,541,683	5.1%
D. Keith Oden ⁽¹²⁾	1,355,053	1.9%
Richard J. Campo ⁽¹³⁾	1,336,272	1.9%
William B. McGuire, Jr. ⁽¹⁴⁾	515,397	*
William F. Paulsen ⁽¹⁵⁾	465,335	*
Lewis A. Levey ⁽¹⁶⁾	448,441	*
William R. Cooper	413,777	*
H. Malcolm Stewart	397,984	*
Scott S. Ingraham ⁽¹⁷⁾	143,668	*
Steven A. Webster	114,224	*
Dennis M. Steen	86,509	*
Alexander J.K. Jessett	35,700	*
F. Gardner Parker	25,229	*
Kelvin R. Westbrook	2,979	*
All Trust Managers and executive officers as a group (17 persons) ⁽¹⁸⁾	5,512,548	7.4%

* Less than 1%

(1) The address for Messrs. Campo, Oden, McGuire, Paulsen, Levey, Cooper, Stewart, Ingraham, Webster, Steen, Jessett, Parker, and Westbrook is c/o Camden Property Trust, 3 Greenway Plaza, Suite 1300, Houston, Texas 77046.

(2) These amounts include shares the following persons had a right to acquire within 60 days after March 14, 2011 through the exercise of vested options to purchase shares held in a rabbi trust, ordinary share options and through the exchange of units of limited partnership interest in the Company's operating partnerships. Each option represents the right to receive one common share upon exercise. Each partnership unit is exchangeable for one common share. The Company may elect to pay cash instead of issuing shares upon a tender of units for exchange.

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	Vested Options Held	Other Vested	Units of Limited Partnership Interest
	in a Rabbi Trust	Options	
D. Keith Oden	655,041 ^(a)	413,902	
Richard J. Campo	655,650 ^(b)	413,902	
William B. McGuire, Jr.			414,803
William F. Paulsen			388,575 ^(c)
Lewis A. Levey	17,599		359,692 ^(d)
William R. Cooper	17,599		388,653 ^(e)
H. Malcolm Stewart	175,790	63,557	
Scott S. Ingraham	80,291		
Steven A. Webster	20,799		
Dennis M. Steen	12,734	34,166	
Alexander J.K. Jessett	2,199	11,988	
F. Gardner Parker	13,443		
Kelvin R. Westbrook			
All Trust Managers and executive officers as a group (17 persons) ⁽¹⁷⁾	1,702,065	972,348	1,551,724

- (a) Includes 400,430 options pledged by Mr. Oden to a subsidiary of JPMorgan Chase & Co. as security for a loan or other extension of credit to Mr. Oden. Upon a default under the agreement governing such loan, JPMorgan Chase & Co. or any subsidiary thereof may sell the shares underlying such options.
- (b) Includes 401,037 options pledged by Mr. Campo to a subsidiary of JPMorgan Chase & Co. as security for a loan or other extension of credit to Mr. Campo. Upon a default under the agreement governing such loan, JPMorgan Chase & Co. or any subsidiary thereof may sell the shares underlying such options.
- (c) All such units and the common shares issuable upon the exchange of such units have been pledged by Mr. Paulsen to Merrill Lynch Bank USA as security for a loan or other extension of credit to Mr. Paulsen. Upon a default under the agreement governing such loan, Merrill Lynch Bank USA or its parent, Merrill Lynch & Co. Inc., or any subsidiary thereof, may sell the shares underlying such units.
- (d) Includes 300,018 units held by a family limited partnership of which Mr. Levey holds an approximate 99.5% limited partnership interest. Mr. Levey disclaims beneficial ownership of units held by the family limited partnership except to the extent of his pecuniary interest therein.
- (e) Includes 30,000 units held by Paragon Gnty Services LP and 65,000 units held by WSC CPT Investments, L.P.. Mr. Cooper controls both of these entities.

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(3) The amounts exclude the following unvested option and share awards:

	Unvested Options	Unvested Share Awards
D. Keith Oden	134,520	104,173
Richard J. Campo	134,520	104,173
William B. McGuire, Jr.		1,569
William F. Paulsen		4,617
Lewis A. Levey		5,699
William R. Cooper		4,618
H. Malcolm Stewart	89,538	82,375
Scott S. Ingraham		4,617
Steven A. Webster		4,618
Dennis M. Steen	19,444	53,383
Alexander J.K. Jessett	7,992	27,060
F. Gardner Parker		4,691
Kelvin R. Westbrook		4,390
All Trust Managers and executive officers as a group (17 persons) ⁽¹⁶⁾	423,623	474,227

- (4) On March 14, 2011, 2,925,928 common shares were held in the Company's deferred benefit plans, and are treated as treasury shares for voting purposes; for purposes of calculating the percentage ownership of outstanding common shares in this proxy statement, these shares are not considered outstanding.
- (5) Based on information contained in Amendment No. 1 to Schedule 13G filed with the SEC on February 8, 2011, subsidiaries of Invesco Ltd. possessed sole voting power over an aggregate of 4,248,535 shares, shared voting power over an aggregate of 47,504 shares, sole dispositive power over an aggregate of 7,492,989 shares and shared dispositive power over an aggregate of 27,560 shares. The address of Invesco Ltd. is 155 Peachtree Street NE, Atlanta, Georgia 30309.
- (6) Based on information contained in Amendment No. 8 to Schedule 13G filed with the SEC on March 10, 2011, The Vanguard Group, Inc. possessed sole voting power and shared dispositive power over 45,557 shares and sole dispositive power over 7,164,929 shares. The address of The Vanguard Group, Inc. is 100 Vanguard Boulevard, Malvern, Pennsylvania 19355.
- (7) Based on information contained in Amendment No. 1 to Schedule 13G filed with the SEC on February 3, 2011, BlackRock, Inc. possessed sole voting power and sole dispositive power over 5,533,476 shares. The address of BlackRock, Inc. is 40 East 52nd Street, New York, New York 10022.
- (8) Based on information contained in Amendment No. 1 to Schedule 13G filed with the SEC on February 9, 2011, Morgan Stanley possessed sole voting power over 3,030,976 shares and sole dispositive power over 3,789,669 shares. The address of Morgan Stanley is 1585 Broadway, New York New York 10036.
- (9) Based on information contained in Amendment No. 1 to Schedule 13G filed with the SEC on February 9, 2011, Morgan Stanley Investment Management Inc. possessed sole voting power over 3,013,510 shares and sole dispositive power over 3,772,203 shares. The address of Morgan Stanley Investment Management Inc. is 522 Fifth Avenue, New York, New York 10036.

- (10) Based on information contained in a Schedule 13G filed with the SEC on February 14, 2011, FMR LLC and Edward C. Johnson 3d each possessed sole voting power over 1,966,989 shares and sole dispositive power over 3,655,089 shares. The address of FMR LLC and Edward C. Johnson 3d is 82 Devonshire Street, Boston, Massachusetts 02109.
- (11) Based on information contained in a Schedule 13G filed with the SEC on February 10, 2011, Vanguard Specialized Funds-Vanguard REIT Index Fund possessed sole voting power over 3,541,683 shares. The address of Vanguard Specialized Funds-Vanguard REIT Index Fund is 100 Vanguard Boulevard, Malvern, Pennsylvania 19355.

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- (12) Includes 163,141 shares pledged by Mr. Oden to financial institutions as security for loans or other extensions of credit to Mr. Oden. Upon a default under the agreement governing a loan, the applicable financial institution may sell such shares.
- (13) Includes 178,837 shares pledged by Mr. Campo to financial institutions as security for loans or other extensions of credit to Mr. Campo. Upon a default under the agreement governing a loan, the applicable financial institution may sell such shares.
- (14) Includes 100,202 shares held by a family trust.
- (15) Includes 24,405 shares held by Mr. Paulsen's wife and 24,204 shares held by a related family foundation.
- (16) Includes 640 shares held in a trust of which Mr. Levey's wife is trustee and 62,265 shares held in a trust of which Mr. Levey is trustee.
- (17) Includes 1,050 shares held in accounts for the benefit of Mr. Ingraham's children, for which Mr. Ingraham is the custodian.
- (18) Shares and/or units beneficially owned by more than one individual have been counted only once for this purpose.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Based solely on a review of Forms 3, 4 and 5 and amendments thereto furnished to the Company during or with respect to 2010, The Company believes all SEC filing requirements applicable to Trust Managers, officers and beneficial owners of more than 10% of the Company's common shares were complied with in 2010.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company is not a party to any transaction with executive officers or Trust Managers which is required to be disclosed under Item 404(a) of Regulation S-K, except as described below. In addition, the Company has not made any contributions to any tax exempt organization in which any independent Trust Manager serves as an executive officer within the preceding three years which, for in any single fiscal year, exceeded the greater of \$1 million, or 2% of such tax exempt organization's consolidated gross revenues.

Prior to the merger of the Company with Summit Properties Inc. (Summit) in 2005, Summit entered into an amended and restated employment agreement with William F. Paulsen, who is a Trust Manager, with an expiration date of December 31, 2011. The Company assumed this agreement as a result of the merger with Summit and subsequently entered into a separation agreement with Mr. Paulsen, which was effective as of the effective time of the merger with Summit on February 28, 2005. Pursuant to the separation agreement, as of the effective time of the merger, Mr. Paulsen resigned as an officer and director of Summit and all entities related to Summit, and the employment agreement between Summit and Mr. Paulsen was terminated. Also pursuant to the separation agreement, Mr. Paulsen continues to receive health benefits at a cost comparable to those paid by similarly situated employees, secretarial and computer-related services, and office facilities for the remainder of his life, which payments totaled \$123,964 in 2010.

Table of Contents**EXECUTIVE COMPENSATION****Compensation Policies and Practices Relating to Risk Management**

The Company has developed a framework to assist the Compensation Committee in ascertaining potential material risks and how they may link to the Company's compensation program. The Compensation Committee conducted an analytical review focusing on several key areas of the Company's program, including external market references, pay mix, selection of performance metrics, goal setting process, and checks and balances on the payment of compensation. This provided a process to consider if any of the Company's current programs, practices or procedures should be altered to ensure the Company maintains an appropriate balance between prudent business risk and resulting compensation.

As a result of this process, the Compensation Committee concluded while a significant portion of the Company's compensation program is performance-based, the Compensation Committee does not believe the program encourages excessive or unnecessary risk-taking and the Company's policies and procedures largely achieved the appropriate balance between annual goals and the Company's long-term financial success and growth. While risk-taking is a necessary part of growing a business, the Compensation Committee focuses on aligning the Company's compensation policies with its long-term interests and avoiding short-term rewards for management decisions which could pose long-term risks to the Company, as follows:

Use of Long-Term Compensation. A significant percentage of compensation is equity-based long-term compensation which vests over a period of years. This vesting period encourages officers to focus on sustaining the Company's long-term performance. These grants are made annually, so officers always have unvested awards which could decrease significantly in value if the Company's business is not managed for the long-term.

Payment of Annual Bonuses in Shares. To more fully tie compensation to long-term performance, executives must receive at least 25% of their annual bonuses in shares and may elect to receive up to 50% of their annual bonuses in shares. These shares are valued at 150% of the cash value of the corresponding portion of the annual bonuses, and vest 25% on date of grant and 25% in each of the next three years. Historically, most executives have tended to elect to receive the maximum 50% in shares, further aligning compensation with the creation of shareholder value. The Compensation Committee believes this helps to ensure each executive will have a significant amount of personal wealth tied to long-term holdings in the Company's shares.

Use of Clawbacks. If the Company is required to restate its financial results due to material noncompliance with financial reporting requirements under the securities laws as a result of misconduct by an executive officer, applicable law permits the Company to recover incentive compensation from such executive officer (including profits realized from the sale of its securities), as described below under Compensation Discussion and Analysis Executive Compensation Philosophy and Objectives Policy Regarding Recoupment of Compensation.

Performance Metrics. The Company uses a variety of performance metrics, which are described below under Compensation Discussion and Analysis Determination of Compensation 2010 Decisions.

In summary, by structuring the Company's program so a considerable amount of wealth of its executives is tied to its long-term health, the Company believes it avoids the type of disproportionately large short-term incentives which could encourage executives to take risks not in the Company's long-term interests, and the Company provides incentives to manage for long-term performance. The Company believes this combination of factors encourages its executives and other employees to manage the Company in a prudent manner.

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Compensation Committee Report

The Compensation Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis with management and, based on such review and discussions, the Compensation Committee recommended the Compensation Discussion and Analysis be included in this proxy statement.

THE COMPENSATION COMMITTEE

William F. Paulsen, Chair

F. Gardner Parker

Steven A. Webster

Compensation Discussion and Analysis

Overview

This Compensation Discussion and Analysis describes the key principles and factors underlying the Company's executive compensation policies for 2010 for the Company's named executive officers, who are:

Chairman of the Board and Chief Executive Officer, Richard J. Campo;

President, D. Keith Oden;

Chief Operating Officer, H. Malcolm Stewart;

Senior Vice President-Finance and Chief Financial Officer, Dennis M. Steen; and

Senior Vice President Finance and Treasurer, Alexander J.K. Jessett.

This Compensation Discussion and Analysis discusses the Company, its business and individual measures used in assessing performance. These measures are discussed in the limited context of the Company's executive compensation program. You should not interpret them as statements of the Company's expectations or as any form of guidance by the Company. The Company cautions and urges you not to apply the statements or disclosures it makes in this Compensation Discussion and Analysis in any other context.

Executive Compensation Philosophy and Objectives

Executive Compensation Philosophy

The Company's executive compensation philosophy is as follows:

support the Company's business strategy and business plan by clearly communicating what is expected of executives with respect to goals and results and by rewarding achievement;

attract, motivate and retain executives who have the motivation, experience and skills necessary to lead the Company effectively and continue its short-term and long-term profitability, growth and total return to shareholders;

link management's success in enhancing shareholder value, given market conditions, with executive compensation;

base executive compensation levels on the appropriate blend, for each executive officer, of the Company's financial and operating performance at the corporate level and the individual contribution of the executive officer to the Company's success;

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position total executive compensation to be competitive with other similarly situated companies; provide a significant portion of each executive's compensation as variable compensation in a pay-for-performance setting through a combination of cash bonuses and equity-based grants; provide a significant portion of total compensation as non-cash compensation in the form of long-term equity-based awards to more closely align the interests of the Company's executives with those of its shareholders and to maximize retention insofar as all equity-based awards are subject to time-based vesting; use long-term compensation, payment of annual bonuses in part in shares, clawbacks, and a variety of performance metrics to closely tie executives' wealth to the Company's long-term health, thereby avoiding the type of disproportionately large short-term incentives which could encourage executives to take risks not in the Company's long-term interests, provide incentives to manage for long-term performance, and encourage executives to manage the Company in a prudent manner; and hold executives accountable for their level of success in attaining specific goals set for them individually.

Elements of Compensation

The Company seeks to achieve the compensation objectives through six compensation elements:

- a base salary;
- an annual bonus, which varies each year based on performance;
- an annual performance award program;
- periodic grants of long-term, equity-based compensation such as share awards and/or options;
- deferred compensation plans and programs defining when payments are made in connection with termination of employment and change in control of the Company; and
- perquisites and other personal benefits.

The Company believes these elements combine to promote the objectives described above. Base salary, termination payments, where applicable, and perquisites and other personal benefits provide compensation to help attract and retain highly qualified executives. Performance-based bonuses and awards reward achievement of annual goals important to the Company's business and shareholder value-creation strategies. Equity-based compensation aligns each executive's compensation directly with the creation of longer-term shareholder value and promotes retention. For senior executives, including the named executive officers, the Company believes equity and performance-based compensation should be a higher percentage of total compensation than for less senior executives. Equity and performance-based compensation relate most directly to achievement of strategic and financial goals and to building shareholder value, and the performance of senior executives has a strong and direct impact in achieving these goals. In making decisions with respect to any element of a named executive officer's compensation, the Compensation Committee considers the total current compensation which may be awarded to the officer, including salary, annual bonus, performance awards and long-term incentive compensation. The Compensation Committee's goal is to award compensation which is reasonable in relation to the compensation philosophy when all elements of potential compensation are considered.

Table of Contents***Competitive Considerations***

The Company operates and recruits talent across diverse markets and necessarily must make each compensation decision in the context of the particular situation, including the individual's specific roles, responsibilities, qualifications and experience. The Company takes into account information about the competitive market for executive talent, but because individual roles and experience levels vary among companies and executives, the Compensation Committee believes benchmarking against selected groups of companies should be only one of a variety of bases for establishing compensation. Therefore, the Compensation Committee reviews information regarding competitive conditions from a variety of sources in making compensation decisions. These sources include reports of the Company's outside compensation consultant, industry studies and compensation surveys as well as publicly-available information regarding a peer group of ten public REITs listed and discussed below under

Determination of Compensation Compensation Consultant.

Policy Regarding Recoupment of Compensation

If the Company is required to restate its financial results due to material noncompliance with financial reporting requirements under the securities laws as a result of misconduct by an executive officer, applicable law permits the Company to recover incentive compensation from such executive officer (including profits realized from the sale of the Company's securities). In such a situation, the Board would exercise its business judgment to determine what action it believes is appropriate. Action may include recovery or cancellation of any bonus or incentive payments made to an executive on the basis of having met or exceeded performance targets during a period of fraudulent activity or a material misstatement of financial results. These actions would be taken only if the Board determines such recovery or cancellation is appropriate due to intentional misconduct by the executive officer which resulted in performance targets being achieved which would not have been achieved absent such misconduct.

Tax and Accounting Considerations

Limitation on Deductibility of Executive Compensation. Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), limits the deductibility of compensation paid to certain of the Company's executive officers. To qualify for deductibility under section 162(m), compensation in excess of \$1,000,000 paid to the named executive officers during any fiscal year generally must be performance-based compensation as determined under section 162(m). Compensation generally qualifies as performance-based, if among other requirements, it is payable only upon the attainment of pre-established, objective performance criteria based on performance goals which have been approved by shareholders, and the committee of the Board which establishes and certifies the attainment of such goals consists only of outside directors. All members of the Compensation Committee qualify as outside directors for purposes of section 162(m).

The Compensation Committee's policy is to take into account section 162(m) in establishing compensation of executive officers to preserve deductibility to the greatest extent possible. The deductibility of some types of compensation payments can depend upon the timing of the vesting or an executive's exercise of previously granted awards. Interpretations of and changes in applicable tax laws and regulations as well as other factors beyond the Company's control can also affect deductibility of compensation. While the tax impact of any compensation arrangement is one factor to be considered, such impact is evaluated in light of the Compensation Committee's overall compensation philosophy and objectives. The Compensation Committee will consider ways to maximize the deductibility of executive compensation, while retaining the discretion it deems necessary to compensate officers competitively and in a manner commensurate with performance. From time to time, the Compensation Committee may therefore award compensation to executive officers which is not fully deductible if it determines such award is consistent with its philosophy and is in the Company's and its shareholders' best interests. In addition, the Company believes it qualifies as a REIT under the Code and is not subject to federal income taxes, meaning the payment of compensation which does not satisfy the requirements of section 162(m) should not have a material adverse consequence to the Company, provided the Company continues to qualify as a REIT under the Code. The Compensation Committee reserves the right to design programs which recognize a full range of performance criteria important to the Company's success, even where the compensation paid under such programs may not be deductible.

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Internal Revenue Code Section 409A. The Compensation Committee also endeavors to structure executive officers compensation in a manner which is either compliant with, or exempt from the application of, Code section 409A, which provisions may impose significant additional taxes on non-conforming, nonqualified deferred compensation (including certain equity awards, severance, incentive compensation, traditional deferred compensation and other payments).

Internal Revenue Code Section 280G. Section 280G of the Code disallows a tax deduction with respect to excess parachute payments to certain executives of companies which undergo a change in control. In addition, section 4999 of the Code imposes a 20% penalty on the individual receiving the excess payment. Parachute payments are compensation which is linked to or triggered by a change in control and may include, but are not limited to, bonus payments, severance payments, certain fringe benefits, and payments and acceleration of vesting from long-term incentive plans including share options and other equity-based compensation. Excess parachute payments are parachute payments which exceed a threshold determined under section 280G based on the executive's prior compensation. In approving the compensation arrangements for the named executive officers, the Compensation Committee considers all elements of the cost to the Company of providing such compensation, including the potential impact of Section 280G. However, the Compensation Committee may, in its judgment, authorize compensation arrangements which could give rise to loss of deductibility under section 280G and the imposition of excise taxes under section 4999 when it believes such arrangements are appropriate to attract and retain executive talent.

Accounting. The Compensation Committee considers the accounting implications of significant compensation decisions, especially in connection with decisions which relate to equity compensation awards. The Company accounts for share-based payments to employees in accordance with the requirements of Accounting Standards Codification (ASC) Topic 718 (ASC 718), *Compensation-Stock Compensation*. In particular, ASC 718 requires the Company to recognize an expense for the fair value of equity-based compensation awards. As accounting standards change, the Company may revise certain programs to appropriately align accounting expenses of its awards with its overall executive compensation philosophy and objectives.

Employment Agreements

The Company enters into employment agreements with senior officers, including all of the named executive officers, when the Compensation Committee determines an employment agreement is desirable for the Company to obtain a measure of assurance as to the executive's continued employment in light of prevailing market competition for the particular position held by the executive officer, or where the Compensation Committee determines an employment agreement is necessary and appropriate to attract an executive in light of market conditions, the prior experience of the executive or practices at the Company with respect to other similarly situated employees. These employment agreements are more fully described below under Compensation Tables Employment Agreements.

Determination of Compensation***Roles and Responsibilities***

Compensation Committee. The Company's executive compensation program is administered under the direction of the Compensation Committee of the Board. The Compensation Committee determines the compensation, including related terms of employment agreements, for each of the named executive officers. The Compensation Committee's responsibilities include:

- in consultation with senior management, to establish the Company's general compensation philosophy and oversee the development and implementation of compensation programs;
- to review the Company's executive compensation plans in light of its goals and objectives with respect to such plans and, if the Compensation Committee deems it appropriate, to recommend to the Board the adoption of new, or the amendment of existing, executive compensation plans;

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to review and approve corporate goals and objectives relevant to the compensation of executive officers, evaluate annually the performance of the named executive officers in light of the goals and objectives, and determine the compensation level of each named executive officer based on this evaluation; and to review and approve any employment, severance and termination agreements or arrangements to be made with any executive officer.

The Compensation Committee meets regularly outside of the presence of management to discuss compensation decisions and matters relating to the development and implementation of compensation programs.

Executive Officers. Richard J. Campo, Chairman of the Board and Chief Executive Officer, and D. Keith Oden, President, make recommendations to the Compensation Committee based on the compensation philosophy and objectives set by the Compensation Committee as well as current business conditions. More specifically, for each named executive officer, including themselves, Messrs. Campo and Oden review competitive market data and recommend to the Compensation Committee the performance measures and target goals, in each case for the review, discussion and approval of the Compensation Committee. For each executive officer other than themselves, Messrs. Campo and Oden also review the rationale and guidelines for compensation and annual share awards for the review, discussion and approval of the Compensation Committee. Messrs. Campo and Oden may attend meetings of the Compensation Committee at the request of the Compensation Committee chair, but do not attend executive sessions and do not participate in any Compensation Committee discussions relating to the final determination of their own compensation.

Compensation Consultant. In 2010, the Compensation Committee retained The Schonbraun McCann Group, a real estate advisory practice of FTI Consulting, Inc. (SMG), a nationally-recognized consulting firm specializing in the real estate industry. Neither SMG nor any of its affiliates provided any services to the Company or any of its affiliates during 2010 except advising the Compensation Committee with respect to the amount and form of executive compensation, as described below.

The Compensation Committee directed SMG to, among other things, provide an analysis of industry compensation practices and levels for senior executives and board members in a peer group of the companies. In determining the companies to be included in the peer group, a number of factors were considered, including historical peer companies and competitive companies in the Company's major markets with market capitalization, target markets, asset quality, financial structure and organization similar to the Company. The SMG compensation review was based on information disclosed in the peers' 2010 proxy statements, which reported data with respect to fiscal 2009 (the latest year for which comprehensive data is publicly available). SMG's review compared the Company's executive pay practices against the peer group to determine the range of cash and equity-based compensation awarded to executives in comparable positions to the Company's executives in terms of base salary, annual bonus and long-term equity compensation.

The peer group utilized by SMG was comprised of the following 10 public multifamily REITs:

Apartment Investment and Management Co.	Essex Property Trust, Inc.
Associated Estates Realty Corporation	Home Properties, Inc.
AvalonBay Communities, Inc.	Mid-America Apartment Communities, Inc.
BRE Properties, Inc.	Post Properties, Inc.
Equity Residential	UDR, Inc.

SMG informed the Compensation Committee the peer group generally has compensation programs comparable to the Company's compensation program. SMG provided data on the 2009 aggregate compensation paid to the Company's named executive officers compared to the 2009 aggregate compensation paid to the comparable executives at each company within the peer group. SMG also provided data on the 2009 compensation paid to the Company's independent Trust Managers as compared to the 2009 compensation paid to the independent members of the board of each company within the peer group. In addition, SMG provided consulting services in connection with the design of the Company's 2011 Share Incentive Plan.

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Base Salary

The objective of base salary is to provide fixed compensation to an individual which reflects his or her responsibilities, experience, value to the Company, and demonstrated performance.

Salaries are determined by the Compensation Committee based on its subjective evaluation of a variety of factors, including:

- the nature and responsibility of the position;
- the impact, contribution, expertise and experience of the individual executive;
- competitive market information regarding salaries to the extent available and relevant;
- the importance of retaining the individual along with the competitiveness of the market for the individual executive's talent and services; and
- the recommendations of Messrs. Campo and Oden.

Merit-based salary increases to named executive officers' salaries are based on these factors as well as, with respect to Messrs. Campo and Oden, the achievement of Company-wide goals and, with respect to the other named executive officers, the achievement of Company-wide goals as well as goals related to their respective areas of responsibility. These goals are described below under "2010 Decisions" Annual Bonus.

Annual Bonus

The compensation program provides for a bonus linked to annual performance. The objective of the program is to compensate individuals annually based on the achievement of specific annual goals the Compensation Committee believes correlate closely with growth of long-term shareholder value.

The Compensation Committee determines a dollar value for annual bonuses. To more fully tie compensation to long-term performance, executives must receive at least 25% of their annual bonuses in shares and may elect to receive up to 50% of their annual bonuses in shares. These shares are valued at 150% of the cash value of the corresponding portion of the annual bonuses. Historically, most executives have tended to elect to receive the maximum 50% in shares, further aligning compensation with the creation of shareholder value. The number of shares to be issued is determined based on the market share price at the date of grant. The shares issued pursuant to these grants vest 25% on the grant date and 25% on February 15th of each of the next three years.

The annual bonus process for the named executive officers involves the following basic steps:

1. ***Setting Company Financial Goals.*** The Compensation Committee receives recommended financial performance measures and performance ranges for the Company from senior management and reviews and discusses them with senior management, and then sets performance goals for the Company.
2. ***Setting Other Performance Objectives.*** The Compensation Committee also approves other performance objectives for each named executive officer and his individual area of responsibility. These objectives are based on the recommendations of the Chairman of the Board and Chief Executive Officer and the President, and the Compensation Committee believes these objectives allow it to play a more proactive role in identifying performance objectives beyond purely financial measures.

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3. **Setting Weightings of Goals and Objectives.** The Compensation Committee approves the weightings of the financial goals and other performance objectives to help to ensure only a high level of performance by the individual and the Company will allow an individual to realize increased compensation. These weightings are based on the recommendations of the Chairman of the Board and Chief Executive Officer and the President. The Compensation Committee then approves guidelines for bonus and long-term compensation based on the weighted average achievement of goals. The guidelines for 2010 provided weighted achievement against the goals would result in payout of bonus and long-term compensation as follows:

Weighted Achievement Against Goals	Percentage of Payout of Annual Bonus and Long-Term Compensation
71-100% (exceeds expectations)	75-100%
51-70% (achieves expectations)	50-75%
Below 50% (below expectations)	Less than 50%

4. **Measuring Performance.** After the end of the year, the Compensation Committee reviews the Company's actual performance against each of the financial goals established at the outset of the year. In determining the extent to which the financial goals are met for a given period, the Compensation Committee exercises its judgment whether to reflect or exclude the impact of equity offerings, changes in accounting principles, and non-recurring, extraordinary, unusual or infrequently occurring events. Consistent with its philosophy that a higher percentage of the most senior executives' compensation should be tied to performance measures, the higher the individual's position, the more heavily the goals are weighted by the Company's performance. For this reason, 100% of Messrs. Campo and Oden's compensation is based on the Company's performance. For Mr. Stewart, the goals and weightings are tied 75% to the Company's performance and 25% to his individual performance and the performance of his area of responsibility. For Messrs. Steen and Jessett, the goals and weightings are tied 50% to the Company's performance and 50% to performance of the individual and his area of responsibility. This assessment allows compensation decisions to take into account each named executive officer's personal performance and contribution during the year and other factors related to the Company's performance which may not have been fully captured by the financial performance measures.
5. **Adjustment to Reflect Internal and External Equity.** The next step in the process is adjustment to the preliminary annual bonus amount to reflect the Compensation Committee's subjective determination of internal equity relative to compensation among the Company's senior officers and external equity relative to compensation of senior officers of a peer group comprised of the companies described above under Determination of Compensation Compensation Consultant.

Performance Award Program

The compensation program provides for an award linked to annual performance. The objective of the award program is to reward individuals for the achievement of specific corporate goals the Compensation Committee believes correlate closely with growth of long-term shareholder value, including the following:

- the achievement of targeted funds from operations (FFO), same property net operating income (NOI) growth and total shareholder return;
- the completion of developments in accordance with pro forma yields;
- the growth of the Company's discretionary investment fund; and
- the effectiveness of management in creating and communicating the Company's corporate culture to all employees.

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The named executive officers are awarded notional common shares, which do not represent actual common shares, the number of which is based upon their position with the Company. The notional shares expire on the tenth anniversary of the date of grant. The holders of notional shares receive an annual cash payment equal to their number of notional shares multiplied by a percentage of the actual dividend rate per share paid to holders of the Company's common shares based on the achievement of these goals as follows:

	Payment as a Percentage of Common Dividends Per Share
Weighted Achievement Against Goals	
71% to 100% (exceeds expectations)	125%
51% to 70% (achieves expectations)	100%
0% to 50% (below expectations)	0%

Long-Term Compensation

The long-term incentive program provides annual awards in the form of share awards and/or share options, which vest over time. The objective of the program is to align compensation for the named executive officers over a multi-year period directly with the interests of shareholders by motivating and rewarding creation and preservation of long-term shareholder value.

Equity-Based Grant Procedures. Equity-based awards to named executive officers (and to other employees) are made by the Compensation Committee only on dates the Compensation Committee meets. Compensation Committee meetings are normally scheduled in advance without regard to announcements of material information regarding the Company.

Equity-Based Awards. Share and option awards reward shareholder value creation in slightly different ways. Option awards (which have exercise prices equal to the fair market value of the Company's common shares on the date of grant) reward the named executive officers only if the share price increases from the date of grant and their value only reflects decreases in share price to, but not below, the exercise price, after which the options would have no value upon exercise. Share awards are impacted by all share price changes, so the value to the named executive officers is affected by both increases and decreases in share price from the market price at the date of grant.

Pursuant to the Company's 2002 share incentive plan, upon the vesting of 20,000 or more options, the holder has the right to exercise some or all of the vested options by paying the exercise price with shares (the *Mature Shares*) which have been held by the holder for at least six months prior to the exercise date. Upon the exercise of options through this right, the holder will be deemed to have exchanged the *Mature Shares* for replacement shares without the requirement of tendering the *Mature Shares* to us, and receive a number of additional shares from the Company equal to the total number of shares covered by the options minus the number of *Mature Shares* used to pay the exercise price for the options (the *Incentive Payment Shares*).

Upon the exercise of this right, the holder receives a share grant by depositing with the Company 25% of the *Incentive Payment Shares*. Upon deposit of these shares, the Company grants to the holder a number of shares in an amount equal to 32.5% of the *Incentive Payment Shares*, 19.25% of which are designated as *Bonus Shares* and 80.75% of which are designated as *Additional Bonus Shares*.

The *Bonus Shares* vest 10% on each of the first two anniversaries of the date of grant and 80% on the third anniversary of the date of grant. The *Additional Bonus Shares* vest 10% each of the first four anniversaries of the date of grant and 60% on the fifth anniversary of the date of grant. If a holder terminates his or her employment prior to the completion of these periods, the unvested portion of the *Bonus Shares* and the *Additional Bonus Shares* are forfeited. Upon exercise of this right, the number of options as to which this right was exercised are reloaded and reissued to the holder, with these reissued options representing the right to purchase a number of shares equal to the number of options exercised less the number of *Incentive Payment Shares*. Upon being reloaded, each reload option again represents the right to purchase a share at an exercise price equal to the fair market value of the share on the date of the notice of exercise of the *Incentive Exchange Right*. The reloaded options are fully vested on the date of issuance and the exercise period is the lesser of (i) ten years or (ii) the term of the original option, beginning on the date of exercise of the options being reloaded. There were no reload options exercised in 2008 or 2009. In 2010,

Messrs. Campo, Oden and Stewart exercised reload options and received additional options and shares upon such exercise.

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Deferred Compensation Plans and Termination Payments

Deferred Compensation Plans. The Compensation Committee has established a rabbi trust for the benefit of the Company's officers, Trust Managers and other key employees in which in previous years such persons had the option to place share grants and other deferred compensation. A participant may purchase assets held by the rabbi trust at any time within 30 years from the date of vesting. The purchase price of a share is 25% of the fair value of such share on the date the share was placed in the rabbi trust. The purchase price of any other asset is 25% of the fair value of such asset on the date the asset was placed in the rabbi trust.

The Compensation Committee has also established a deferred compensation plan for the benefit of the Company's officers, Trust Managers and other key employees in which the participant may elect to defer cash compensation and/or options or shares granted under the Company's share incentive plans. A participant has a fully vested right to his or her cash deferral amounts, and the deferred option and share awards will vest in accordance with their terms.

Termination and Change in Control Payments. Since the Company's initial public offering in 1993, it has provided the named executive officers with severance payments plus a gross-up payment if certain situations occur, such as termination without cause or a change in control. The objective of these benefits is to recruit and retain talent in a competitive market. Benefits which are provided following a change in control also are intended to motivate executive officers to remain with the Company despite the uncertainty and dislocation which arises in the context of change in control situations. These payments are summarized below and more fully described under Compensation Tables Potential Payments Upon Termination or Change in Control.

For a termination other than for cause, the executive will be entitled to receive a severance payment equal to, in the case of Messrs. Stewart, Steen and Jessett, one times his respective annual base salary currently in effect and, in the case of Messrs. Campo and Oden, 2.99 times the greater of his current annual total compensation or his average annual total compensation over the three most recent years and Messrs. Campo and Oden will become fully vested in the unvested portion of any award made to the executive in respect to any retirement, pension, profit sharing, long-term incentive, or other similar such plans.

For a termination by reason of death or disability, the executive will be entitled to receive a severance payment equal to, in the case of Messrs. Stewart, Steen and Jessett, one times his annual base salary, including targeted cash bonus, at the date on which death occurs and, in the case of Messrs. Campo and Oden, 2.99 times the greater of his current annual total compensation or his average annual total compensation over the three most recent years. Each executive will become fully vested in the unvested portion of any award made to the executive in respect to any retirement, pension, profit sharing, long-term incentive or other similar such plans.

For a termination by reason of a change in control, the executive will be entitled to receive a severance payment plus a gross-up payment, if any, for excise taxes due on the change in control payments. In the case of each of Messrs. Steen and Jessett, the severance payment equals 2.99 times his average annual base salary over the previous three fiscal years. In the case of each of Messrs. Campo, Oden and Stewart, the severance payment generally equals 2.99 times the greater of his current annual total compensation or his average annual total compensation over the previous three fiscal years. Each executive will become fully vested in the unvested portion of any award made to the executive in respect to any retirement, pension, profit sharing, long-term incentive or other similar such plans.

Perquisites and Other Personal Benefits. The Company provides the named executive officers with perquisites and other personal benefits the Company and the Compensation Committee believe are reasonable and consistent with the Company's overall compensation program to better enable the Company to attract and retain superior employees for key positions. The Compensation Committee periodically reviews the levels of perquisites and other personal benefits provided to the named executive officers.

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The Company maintains other executive benefits it considers necessary in order to offer fully competitive opportunities to its executive officers, such as 401(k) retirement savings plans. Executive officers are also eligible to participate in all of the Company's employee benefit plans, such as medical, dental, group life, disability and accidental death and dismemberment insurance, in each case on the same basis as other employees. The Company provides these benefits to help alleviate the financial costs and loss of income arising from illness, disability or death and to allow employees to take advantage of reduced insurance rates available for group policies.

2010 Decisions

The following is a discussion of the specific factors considered in determining salary, annual bonus, performance awards and long-term compensation for the named executive officers in 2010.

Base Salary

There were no changes to salaries of the named executive officers for 2010.

Annual Bonus

The following corporate goals were established for 2010 and utilized by the Compensation Committee to determine 2010 annual bonus and long-term compensation payments:

1. The achievement of a target level of FFO of \$2.35 to \$2.65 per diluted share. The Company utilizes The National Association of Real Estate Investment Trusts' current definition of FFO, which is net income computed in accordance with generally accepted accounting principles, excluding gains or losses from depreciable operating property sales, plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. A reconciliation of net income to FFO for the year ended December 31, 2010 is contained in the Company's 2010 Annual Report on Form 10-K and in its earnings release furnished on a Current Report on Form 8-K filed on February 4, 2011. The Company's FFO for the year ended December 31, 2010 totaled \$2.72 per diluted share, which exceeded the target range.
2. The achievement of FFO growth in the top 50% of the Company's peer group. The Company's FFO for 2010 included a net \$0.04 per diluted share impact from other income recognized as a result of the dissolution of a development joint venture, offset by an impairment associated with a technology investment. The Company's FFO for 2009 included a \$1.31 per diluted share impact from impairment losses on land held for development and predevelopment investments, and a \$0.04 per diluted share impact from losses related to early retirement of debt. The Company's 2010 FFO growth, unadjusted for these non-recurring items, was the second best in its peer group. However, the Company's 2010 FFO growth, adjusted for these non-recurring items, was not in the top 50% of the Company's peer group.
3. The achievement of the Company's 2010 budgeted same property NOI. For 2010, the Company budgeted a decline in NOI of between 6% and 8%. The Company defines NOI as total property income less property operating and maintenance expenses. A reconciliation of net income to NOI for the year ended December 31, 2010 is contained in the Company's earnings release furnished on a Current Report on Form 8-K filed on February 4, 2011. For 2010, the Company's same property NOI growth declined by 3.5%, which outperformed the budgeted range.
4. The achievement of same property revenue growth above the market-wide average. For 2010, the Company outperformed in terms of its same property revenue growth as its revenue growth exceeded the market average by 2.8%.
5. The achievement of total shareholder return (*i.e.*, share price appreciation and dividends paid) in the top one-third (for 100% credit) to one-half (for 75%) of the Company's peer group. For 2010, the Company's total shareholder return totaled approximately 32.5%, which did not place it in the top one-half of its peer group.

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6. The completion of developments in accordance with pro forma yields. In 2010, the Company stabilized four development communities, all of which were completed in accordance with pro forma yields.
7. The effectiveness of management in creating and communicating the Company's corporate culture to all employees. The Company was named by *FORTUNE*[®] magazine in the last four years as one of the 100 Best Companies to Work For in America. For 2010, the Company ranked #7, up three places from the previous year.
8. The achievement of discretionary performance objectives, which included strengthening the Company's balance sheet, improving liquidity, managing debt securities, and improving management development and succession plans. In 2010, the Company took a number of steps to improve its balance sheet and liquidity, including the establishment of an at-the-market equity program under which \$232 million of shares were sold during 2010. As a result of these actions, at December 31, 2010, the Company had no outstanding balance on its revolving credit facility, and a significant level of available cash. Additionally, the Company repaid all outstanding debt which was scheduled to mature in 2010, with its debt maturing in 2011 being at a manageable level. The Company also renewed its revolving credit facility, which after all extensions matures in August 2013, reduced its leverage and improved its financial coverage ratios.

The higher the individual's position, the more heavily the goals are weighted by the Company's performance.

Therefore, 100% of Messrs. Campo and Oden's compensation is based on the Company's performance, with the goals and weightings set forth below:

Corporate Goals	Weighting
Achievement of targeted FFO per share level	16.7%
Achievement of FFO growth in the top 50% of the peer group	8.3%
Achievement of targeted same property NOI growth	13.3%
Achievement of same property revenue growth above the market-wide average	6.7%
Achievement of total shareholder return in top one-third (100% credit) to top one-half (75% credit) of the peer group	15.0%
Completion of developments in accordance with pro forma yields	10.0%
Effectiveness in communicating corporate culture to employees	5.0%
Achievement of discretionary performance objectives	25.0%
	100.0%

For 2010, the weighted achievement level of corporate goals was in the "achieves expectations" category of 51% to 70%.

For Mr. Stewart, the goals and weightings were based 75% on the Company's performance and 25% on his individual performance and the performance of his area of responsibility. The following individual goals, with the weightings set forth below, were established for Mr. Stewart for 2010 and utilized by the Compensation Committee, in conjunction with the achievement of the corporate goals discussed above, to determine his 2010 annual bonus and long term compensation payments:

1. The achievement of budgeted same property NOI (30% weighting). As described in item 3 above, for 2010, the Company's same property NOI growth declined by 3.5%, which outperformed the budgeted range.
2. The achievement of same property revenue growth in the top half of market competitors (20% weighting). For 2010, the Company achieved same property revenue growth in the top half of the market, resulting in this goal being 100% achieved.

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3. The completion of developments in accordance with the time, budgets and pro forma yields (10% weighting). In 2010, the Company stabilized four development communities, all of which were completed in accordance with pro forma yields, resulting in this goal being 100% achieved.
4. The improvement of various Company programs and support and reporting functions (25% weighting). In 2010, Mr. Stewart led efforts to develop new reporting systems used by management, refine bonus programs for on-site personnel, refine revenue management programs, and integrate and manage support functions to assure maximum benefit to the Company, resulting in this goal being 92% achieved.
5. The achievement of departmental budgets (5% weighting). In 2010, Mr. Stewart achieved 100% of his departmental budgets.
6. The effectiveness in training, mentoring and developing management personnel (5% weighting). In 2010, Mr. Stewart achieved 90% of this goal.
7. The effectiveness in communicating corporate culture to employees (5% weighting). Based on Mr. Stewart's contributions in this area in 2010, this goal was 90% achieved.

For Mr. Stewart, the weighted achievement level was in the exceeds expectations category of 71% to 100%.

For Mr. Steen, the goals and weightings are tied 50% to the Company's performance and 50% to his individual performance and the performance of his area of responsibility. The following individual goals, with the weightings set forth below, were established for Mr. Steen for 2010 and utilized by the Compensation Committee, in conjunction with the achievement of the corporate goals discussed above, to determine his 2010 annual bonus and long term compensation payments.

1. The effectiveness in supervising financial reporting and related functions, systems and personnel (30% weighting). All SEC reports were timely filed, tax characteristics were effectively managed and regular reviews of financial performance with senior management were effectively completed, resulting in this goal being 100% achieved.
2. The effectiveness in managing long- and short-term liabilities (30% weighting). In 2010, the Company took a number of steps to improve its balance sheet and liquidity. As a result of these actions, at December 31, 2010, the Company had no outstanding balance on its revolving credit facility. Additionally, the Company repaid all outstanding debt which was scheduled to mature in 2010, with its debt maturing in 2011 being at a manageable level. The Company also reduced its leverage and improved financial coverage ratios. As a result, this goal was 100% achieved.
3. The effectiveness in managing the Company's insurance function (15% weighting). For 2010, this goal was 90% achieved.
4. The improvement in delivery of corporate services to and reduction of administrative burdens on property personnel (10% weighting). For 2010, this goal was 50% achieved.
5. The effective oversight of the internal audit function (10% weighting). The scope of internal audit and the reliance by the Company's independent registered public accounting firm's on internal audit procedures was effectively managed in 2010, resulting in this goal being 100% achieved.
6. The effectiveness in communicating corporate culture to employees (5% weighting). Based on Mr. Steen's contributions in this area in 2010, this goal was 100% achieved.

For Mr. Steen, the weighted achievement level was in the exceeds expectations category of 71% to 100%.

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For Mr. Jessett, the goals and weightings are tied 50% to the Company's performance and 50% to his individual performance and the performance of his area of responsibility. The following individual goals, with the weightings set forth below, were established for Mr. Jessett for 2010 and utilized by the Compensation Committee, in conjunction with the achievement of the corporate goals discussed above, to determine his 2010 annual bonus and long term compensation payments.

1. The effectiveness in managing secured and unsecured financing (30% weighting). At December 31, 2010, the Company had no outstanding balance on its revolving credit facility, and a significant level of available cash. Additionally, the Company repaid all outstanding debt which was scheduled to mature in 2010, with its debt maturing in 2011 being at a manageable level. The Company also reduced its leverage and improved its financial coverage ratios. As a result, this goal was 100% achieved.
2. The effective management of the Company's relationship with its existing lenders and expansion of banking relationships and financing products (30% weighting). In 2010, the Company renewed its revolving credit facility with a number of participating lenders. The Company also established an at-the-market equity program with four agents under which \$232 million of shares were sold during 2010. This resulted in this goal being 100% achieved.
3. The effective supervision of cash management, tax and other reporting areas (30% weighing). For 2010, this goal was 100% achieved.
4. The effectiveness in providing senior management with accurate and reliable analyses and forecasts (10% weighting). For 2010, this goal was 100% achieved.

For Mr. Jessett, the weighted achievement level was in the "exceeds expectations" category of 71% to 100%.

The amount of the annual bonus paid to each executive officer in the form of share awards is set forth in the table below under "Long Term Compensation" under "Annual Bonus-Share Award" and the total bonus amount paid to each of the named executive officers is set forth in the section below titled "Total Compensation."

Performance Award Program

Based on the weighted achievement level of corporate goals under the performance award program being in the "achieves expectations" category of 51% to 70%, each of the named executive officers for fiscal 2010 received the following payments in February 2011 under the Performance Award Program:

Name	2010 Award
Richard J. Campo	\$ 108,000
D. Keith Oden	\$ 108,000
H. Malcolm Stewart	\$ 90,000
Dennis M. Steen	\$ 63,000
Alexander J.K. Jessett	\$ 36,000

Awards made to the named executive officers under the Performance Award Program in February 2011 for performance in 2010 are reflected in the column entitled "Non-Equity Incentive Plan Compensation" of the Summary Compensation Table.

Long Term Compensation

The Compensation Committee granted 245,569 share awards to purchase common shares to the named executive officers and other employees for 2010. The Compensation Committee did not grant any options to purchase common shares for 2010.

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In February 2011, the Compensation Committee awarded, based on 2010 performance, annual bonus and share awards to the following named executive officers:

Name	Grant Date	Number of Shares	Award Type	Base Price of Award
Richard J. Campo	2/23/11	20,186	Share Award	\$ 56.69
			Annual Bonus Share Award	
	2/23/11	7,938	Award	\$ 56.69
D. Keith Oden	2/23/11	20,186	Share Award	\$ 56.69
			Annual Bonus Share Award	
	2/23/11	7,938	Award	\$ 56.69
H. Malcolm Stewart	2/23/11	17,641	Share Award	\$ 56.69
			Annual Bonus Share Award	
	2/23/11	4,630	Award	\$ 56.69
Dennis M. Steen	2/23/11	10,584	Share Award	\$ 56.69
			Annual Bonus Share Award	
	2/23/11	3,969	Award	\$ 56.69
Alexander J.K. Jessett	2/23/11	5,592	Share Award	\$ 56.69
			Annual Bonus Share Award	
	2/23/11	3,440	Award	\$ 56.69

Share awards vest in five equal annual installments beginning on February 15th in the year following the year of grant. Annual bonus-share awards vest 25% immediately on the date of grant and 25% in three equal annual installments beginning on February 15th in the year following the year of grant. The grant date fair values of the annual bonus and other share awards granted in February 2011 will be included in the Summary Compensation and Grants of Plan-Based Awards tables in the proxy statement for the 2012 annual meeting of shareholders.

Total Compensation

Based on the Company's performance as described above, as well as each named executive officer's achievement of his individual 2010 goals, the Compensation Committee determined the named executive officers were entitled to receive the compensation detailed below for 2010.

Name	Salary	Annual Bonus		Performance Award	Long-Term Compensation	Total
		Cash Bonus	Share Award		Share Award	
Richard J. Campo	\$ 447,700	\$ 300,000	\$ 450,000	\$ 108,000	\$ 1,144,344	\$ 2,450,044
D. Keith Oden	447,700	300,000	450,000	108,000	1,144,344	2,450,044
H. Malcolm Stewart	370,800	175,000	262,500	90,000	1,000,068	1,898,368
Dennis M. Steen	351,230	150,000	225,000	63,000	600,007	1,389,237
Alexander J.K. Jessett	230,000	130,000	195,000	36,000	317,010	908,010

The cash bonuses and performance awards shown above appear in the Summary Compensation Table under the column headed Non-Equity Incentive Plan Compensation.

With respect to 2010 bonus compensation in the form of equity awards, the share awards were made on February 23, 2011. Because the equity awards for 2010 compensation were made in 2011, pursuant to applicable disclosure rules, such awards will be reflected in the Summary Compensation and Grants of Plan-Based Awards tables in the proxy statement for the 2012 annual meeting of shareholders. For the purpose of calculating the number of shares to be granted, the dollars allocated to share awards were divided by \$56.69 per share, which was the closing price of the Company's common shares on the date of grant.

Table of Contents**Compensation Tables****Summary Compensation Table**

The table below summarizes the total compensation paid or earned by each of the named executive officers for the three years ended December 31, 2010. The Company has entered into employment agreements with each of the named executive officers, which are described below under Employment Agreements.

Name and Principal Position	Year	Salary	Bonus	Stock Awards (1)	Option Awards (1)	Compensation Earnings (2)	Change in Pension Value and Non-Equity Incentive Plan Deferred Compensation (3)	Other Compensation (4)	All Compensation Total
Richard J. Campo Chairman of the Board and Chief Executive Officer	2010	\$ 447,700	\$ 1,750,181	\$ 498,598	\$ 408,000	\$ 3,000(4)		\$ 3,107,479	
	2009	447,700	506,902	507,014	403,750	1,553(4)		1,866,919	
	2008	447,700	868,490	286,815				1,603,005	
D. Keith Oden President	2010	\$ 447,700	\$ 1,750,181	\$ 498,598	\$ 408,000	\$ 3,000(4)		\$ 3,107,479	
	2009	447,700	506,902	507,014	403,750			1,865,366	
	2008	447,700	868,490	286,815				1,603,005	
H. Malcolm Stewart Chief Operating Officer	2010	\$ 370,800	\$ 1,241,156	\$ 236,831	\$ 265,000	\$ 3,000(4)		\$ 2,116,787	
	2009	370,800	503,114	313,379	278,125	3,000(4)		1,468,418	
	2008	370,800	858,309	305,303	126,563	3,000(4)		1,663,975	
Dennis M. Steen Senior Vice President- Finance and Chief Financial Officer	2010	\$ 351,230	\$ 1,063,601	\$	\$ 213,000	\$ 3,000(4)		\$ 1,630,831	
	2009	351,230	777,592		227,188	3,000(4)		1,359,010	
	2008	351,230	727,551	246,083	124,200	3,000(4)		1,452,064	
Alexander J.K. Jessett Senior Vice President- Finance and Treasurer	2010	\$ 230,000	\$ 514,397	\$	\$ 166,000	\$ 3,000(4)		\$ 913,397	
	2009	205,000	404,187		280,750	3,000(4)		892,937	
	2008	205,000	368,409	101,147	100,000	3,000(4)		777,556	

(1) The dollar amount reported is the aggregate grant date fair value of awards granted during the year computed in accordance with ASC 718, *Compensation-Stock Compensation*. Assumptions used in the calculation of these amounts are included in note 11 to the Company's audited consolidated financial statements for the year ended December 31, 2010 included in its Annual Report on Form 10-K for the year ended December 31, 2010. For 2010, 2009 and 2008, the following table sets forth the portions of the annual bonuses paid in shares:

	Number of Shares		
	2010 (a)	2009 (b)	2008 (c)
Richard J. Campo	9,535		6,247
D. Keith Oden	9,535		6,247
H. Malcolm Stewart	5,721	6,315	5,271

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Dennis M. Steen	5,244	6,198	4,850
Alexander J.K. Jessett		4,990	3,670

- (a) As determined by the Compensation Committee on January 25, 2010 based on achievement of performance goals determined in January 2009.
- (b) As determined by the Compensation Committee on January 28, 2009 based on achievement of performance goals determined in January 2008. Neither Mr. Campo, nor Mr. Oden, received any annual bonus for 2008.
- (c) As determined by the Compensation Committee on January 30, 2008 based on achievement of performance goals determined in January 2007.

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(2) Represents the following cash awards:

(a) Cash awards made under the Performance Award Program, which is discussed in further detail on page 26 under the heading "Determination of Compensation Performance Award Program" as follows:

	2010	2009	2008
Richard J. Campo	\$ 108,000	\$ 153,750	\$
D. Keith Oden	108,000	153,750	
H. Malcolm Stewart	90,000	128,125	
Dennis M. Steen	63,000	89,688	
Alexander J.K. Jessett	36,000	30,750	

(b) Portions of the annual bonus paid in cash as follows:

	2010 (i)	2009 (ii)	2008 (iii)
Richard J. Campo	\$ 300,000	\$ 250,000	\$
D. Keith Oden	300,000	250,000	
H. Malcolm Stewart	175,000	150,000	126,563
Dennis M. Steen	150,000	137,500	124,200
Alexander J.K. Jessett	130,000	250,000	100,000

(i) As determined by the Compensation Committee on February 23, 2011 based on achievement of performance goals determined in January 2010, as discussed in more detail starting on page 25 under the heading "2010 Decisions Annual Bonus."

(i) As determined by the Compensation Committee on January 25, 2010 based on achievement of performance goals determined in January 2009.

(ii) As determined by the Compensation Committee on January 28, 2009 based on achievement of performance goals determined in January 2008. Neither Mr. Campo, nor Mr. Oden, received any annual bonus for 2008.

(3) The Company does not have a pension plan. There were no earnings on nonqualified deferred compensation which were above-market or preferential. Greater detail regarding deferred compensation plans can be found starting on page 41 under "Nonqualified Deferred Compensation."

(4) Represents matching contributions under the Company's 401(k) plan.

Table of Contents**Grants of Plan Based Awards**

The following table sets forth certain information with respect to shares granted during the year ended December 31, 2010 for each named executive officer with respect to annual bonus, performance award program and long-term compensation. The amounts shown in the All Other Stock Awards: Number of Shares and All Other Option Awards: Number of Securities Underlying Options columns reflect the actual share awards made in January 2010 with respect to performance in 2009. The Company did not grant any options during the year ended December 31, 2010. In 2010, Messrs. Campo, Oden and Stewart exercised reload options and received additional share awards and reload options as indicated below:

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards	Estimated Future Payouts Under Equity Incentive Plan Awards	Estimated Future Payouts Under Non-Equity Incentive Plan Awards	Estimated Future Payouts Under Equity Incentive Plan Awards	All Other Stock Awards: Number of Shares	All Other Option Awards: Exercise or Base Price of Securities	Grant Date Fair Value of Stock and Option Awards (3)	
									Threshold
Richard J. Campo	1/25/10(1)	\$ 108,000	\$ 135,000					n/a	
	1/25/10(4)					29,240	\$ 39.33	\$ 1,150,009	
	1/25/10(5)					9,535	39.33	375,012	
	3/10/10(6)						24,196	41.16	259,834
	3/10/10(7)					559	41.16	23,008	
	3/10/10(8)					2,345	41.16	96,520	
	3/22/10(9)						18,698	43.94	238,764
	3/22/10(7)					462	43.94	20,300	
	3/22/10(8)					1,942	43.94	85,331	
D. Keith Oden	1/25/10(1)	\$ 108,000	\$ 135,000					n/a	
	1/25/10(4)					29,240	\$ 39.33	\$ 1,150,009	
	1/25/10(5)					9,535	39.33	375,012	
	3/10/10(6)						24,196	41.16	259,834
	3/10/10(7)					559	41.16	23,008	
	3/10/10(8)					2,345	41.16	96,520	
	3/22/10(9)						18,698	43.94	238,764
	3/22/10(7)					462	43.94	20,300	
	3/22/10(8)					1,942	43.94	85,331	
H. Malcolm Stewart	1/25/10(1)	\$ 90,000	\$ 112,500					n/a	
	1/25/10(4)					23,101	\$ 39.33	\$ 908,562	
	1/25/10(5)					5,721	39.33	225,007	

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	3/10/10(6)			14,955	41.16	160,597
	3/10/10(7)			345	41.16	14,200
	3/10/10(8)			1,449	41.16	59,641
	3/22/10(9)			5,970	43.94	76,234
	3/22/10(7)			148	43.94	6,503
	3/22/10(8)			620	43.94	27,243
Dennis M. Steen	1/25/10(1)	\$ 63,000	\$ 78,750			n/a
	1/25/10(4)			21,799	\$ 39.33	\$ 857,355
	1/25/10(5)			5,244	39.33	206,247
Alexander J.K. Jessett	1/25/10(1)	\$ 36,000	\$ 45,000			n/a
	1/25/10(4)			13,079	\$ 39.33	\$ 514,397

- (1) Reflects the threshold, target and maximum payment levels for 2010 under the performance award program, which levels were established in January 2010. The actual amounts received by the named executive officers for performance in 2010 are set out in the Summary Compensation Table. The Company does not use pre-set thresholds or multiples to determine awards under its annual bonus or long-term compensation programs.
- (2) The exercise or base price is equal to the closing price of the Company's common shares on the grant date.
- (3) For the March 10, 2010 and March 22, 2010 option grants, the values were calculated using the Black-Scholes model with the following material assumptions: expected volatility of 35.6% and 39.2%, respectively, risk-free interest rate of 3.6% and 3.7%, respectively, expected dividend yield of 4.4% and 4.1%, respectively, and expected life of nine and seven years, respectively.
- (4) Granted in January 2010 for performance in 2009 and vest in five equal annual installments beginning on February 15th following the first anniversary of the date of the grant.

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- (5) Granted in January 2010 for performance in 2009 and vest 25% on date of grant and 25% on February 15th of each of the next three years.
- (6) Granted pursuant to the exercise of reload options. Reload options vest immediately on date of grant. Please see Compensation Discussion and Analysis 2010 Executive Compensation Components Long-Term Compensation for an explanation of reload options.
- (7) Granted pursuant to the exercise of reload options. Vest 10% on the first two anniversaries of the date of grant and 80% on the third anniversary of the date of grant.
- (8) Granted pursuant to the exercise of reload options. Vest 10% on the first four anniversaries of the date of grant and 60% on the fifth anniversary of the date of grant.
- (9) Granted in consideration of a waiver of the right to receive an equal number of reloaded options, all of which reloaded options would have been fully vested on the date of grant. Vest 33% on the first three anniversaries of the date of grant.

Employment Agreements

The Company has entered into an employment agreement with each of Messrs. Campo, Oden, Stewart, Steen and Jessett. The agreements with Messrs. Campo and Oden expire on July 22, 2011. However, on July 22 of each year, the expiration date of the agreements with Messrs. Campo and Oden will automatically be extended by one additional year so as a result of such extension the then remaining term of employment will be one year. The agreements with Messrs. Stewart, Steen and Jessett expire on August 20, 2011. Six months prior to expiration, unless notification of termination is given, these agreements extend for one year from the date of expiration. The agreements with Messrs. Campo and Oden provide for a base salary of \$447,700 per calendar year and the agreements with Messrs. Stewart, Steen and Jessett provide for a base salary of \$370,800, \$351,230 and \$230,000 per calendar year, respectively, in each case as may be increased as determined by the Board or Compensation Committee in its sole discretion. The agreements also provide each such executive is eligible for annual incentive compensation and long term compensation as determined by the Board or the Compensation Committee in its sole discretion, and to health/dental insurance, life insurance, disability insurance and similar benefits available to employees. Each employment agreement contains provisions relating to compensation payable to the respective named executive officer in the event of a termination of such executive's employment, which provisions are described below under Potential Payments Upon Termination or Change in Control.

Table of Contents**Outstanding Equity Awards at Fiscal Year-End**

The following table sets forth certain information with respect to the market value as of December 31, 2010 of all unexercised options and unvested share awards held by each named executive officer as of December 31, 2010:

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested
	Richard J. Campo	2,891		\$ 34.59	01/28/12	59,245(1)
	24,760		\$ 41.91	01/28/12	8,714(2)	470,382
	22,259		\$ 44.00	01/28/12	2,793(3)	150,766
	201		\$ 51.37	01/28/12	2,313(4)	124,856
	16,047		\$ 62.32	01/28/12	2,506(5)	135,274
	37,098		\$ 44.00	02/05/13	9,045(6)	488,249
	30,660		\$ 51.37	02/05/13	7,493(7)	404,472
	10,261		\$ 73.32	02/05/13	92,109	\$ 4,972,044
	136,749		\$ 42.90	01/29/14		
	7,939		\$ 62.32	01/29/14		
	100,000		\$ 45.53	02/02/15		
	22,662	33,994(8)	\$ 48.02	01/30/18		
		132,523(9)	\$ 30.06	01/28/19		
	24,196		\$ 41.16	01/28/19		
		18,698(10)	\$ 43.94	03/22/20		
	435,723	185,215				
D. Keith Oden	2,891		\$ 34.59	01/28/12	59,245(1)	\$ 3,198,045
	24,760		\$ 41.91	01/28/12	8,714(2)	470,382
	22,259		\$ 44.00	01/28/12	2,793(3)	150,766
	201		\$ 51.37	01/28/12	2,313(4)	124,856
	16,047		\$ 62.32	01/28/12	2,506(5)	135,274
	37,098		\$ 44.00	02/05/13	9,045(6)	488,249
	30,660		\$ 51.37	02/05/13	7,493(7)	404,472
	10,261		\$ 73.32	02/05/13	92,109	\$ 4,972,044
	136,749		\$ 42.90	01/29/14		
	7,939		\$ 62.32	01/29/14		

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100,000		\$ 45.53	02/02/15
22,662	33,994(8)	\$ 48.02	01/30/18
	132,523(9)	\$ 30.06	01/28/19
24,196		\$ 41.16	01/28/19
	18,698(10)	\$ 43.94	03/22/20
435,723	185,215		

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Name	Option Awards				Stock Awards		
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercisable Options	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested	
	H. Malcolm Stewart	4,573		\$ 38.85	03/14/12	8,766(11)	\$ 473,189
		20,562		\$ 43.90	01/28/12	48,237(12)	2,603,834
	7,526		\$ 62.32	01/28/12	1,829(13)	98,729	
	6,426		\$ 43.90	02/05/13	5,590(14)	301,748	
	4,703		\$ 62.32	02/05/13	2,391(15)	129,066	
	10,000		\$ 42.90	01/29/14	1,726(16)	93,169	
	2,822		\$ 62.32	01/29/14	740(17)	39,945	
	24,122	36,186(18)	\$ 48.02	01/30/18	69,279	\$ 3,739,680	
		81,911(19)	\$ 30.06	01/28/19			
	14,955		\$ 41.16	01/28/19			
		5,970(20)	\$ 43.94	03/22/20			
	95,689	124,067					
Dennis M. Steen	5,000		\$ 42.90	01/29/14	50,902(21)	\$ 2,747,690	
	19,444	29,166(23)	\$ 48.02	01/30/18	8,246(22)	445,119	
	24,444	29,166			59,148	\$ 3,192,809	
Alexander J.K. Jessett	7,992	11,988(26)	\$ 48.02	01/30/18	23,746(24)	\$ 1,281,809	
	7,992	11,988			3,414(25)	184,288	
					27,160	\$ 1,466,097	

(1) 16,293 shares vested on February 15, 2011, 16,294 shares vest on February 15, 2012, 11,589 shares vest on February 15, 2013, 9,221 shares vest on February 15, 2014 and 5,848 shares vest on February 15, 2015.

(2) 3,946 shares vested on February 15, 2011, 2,384 shares vest on February 15, 2012 and 2,384 shares vest on February 15, 2013.

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- (3) 279 shares vested on March 10, 2011, 279 shares vest on March 10, 2012 and 2,235 shares vest on March 10, 2013.
- (4) 231 shares vested on March 22, 2011, 231 shares vest on March 22, 2012, and 1,851 shares vest on March 22, 2013.
- (5) 358 shares vested on January 4, 2011 and 2,148 shares vest on January 4, 2012.
- (6) 904 shares vested on March 10, 2011, 904 shares vest on each of March 10, 2012, 2013 and 2014, and 5,429 shares vest on each of March 10, 2015.
- (7) 749 shares vested on March 22, 2011, 749 shares vest on each of March 22, 2012, 2013 and 2014, and 4,497 shares vest on March 22, 2015.
- (8) 11,331 shares vested on February 15, 2011, 11,331 shares vest February 15, 2012 and 11,332 shares vest on February 15, 2013.

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- (9) 33,130 shares vested on February 15, 2011 and 33,131 shares vest on each of February 15, 2012, 2013 and 2014.
- (10) 6,232 shares vested on March 22, 2011 and 6,233 shares vest on each of March 22, 2012 and 2013.
- (11) 4,327 shares vested on February 15, 2011, 3,008 shares vest on February 15, 2012 and 1,431 shares vest on February 15, 2013.
- (12) 15,225 shares vested on February 15, 2011, 12,460 shares vest on February 15, 2012, 9,226 shares vest on February 15, 2013, 6,705 shares vest on February 15, 2014 and 4,621 shares vest on February 15, 2015.
- (13) 1,829 shares vested on January 9, 2011.
- (14) 559 shares vested on March 10, 2011, 559 shares vest on each of March 10, 2012, 2013 and 2014, and 3,354 shares vest on March 10, 2015.
- (15) 239 shares vested on March 22, 2011, 239 shares vest on each of March 22, 2012, 2013 and 2014, and 1,435 shares vest on March 22, 2015.
- (16) 172 shares vested on March 10, 2011, 172 shares vest on March 10, 2012, and 1,382 shares vest on March 10, 2013.
- (17) 74 shares vested on March 22, 2011, 74 shares vest on March 22, 2012 and 592 shares vest on March 22, 2013.
- (18) 12,062 shares vested on February 15, 2011 and 12,062 shares vest on each of February 15, 2012 and 2013.
- (19) 20,478 shares vested on February 15, 2011, 20,478 shares vest on each of February 15, 2012 and 2013, and 20,477 shares vest on February 15, 2014.
- (20) 1,990 shares vested on March 22, 2011, and 1,990 shares vest on each of March 22, 2012 and 2013.
- (21) 15,252 shares vested on February 15, 2011, 12,641 shares vest on February 15, 2012, 10,355 shares vest on February 15, 2013, 8,294 shares vest on February 15, 2014 and 4,360 shares vest on February 15, 2015.
- (22) 4,074 shares vested on February 15, 2011, 2,861 shares vest on February 15, 2012 and 1,311 shares vest on February 15, 2013.
- (23) 9,722 shares vested on February 15, 2011 and 9,722 shares vest on each of February 15, 2012 and 2013.
- (24) 6,106 shares vested on February 15, 2011, 5,608 shares vest on February 15, 2012, 5,108 shares vest on February 15, 2013, 4,308 shares vest on February 15, 2014 and 2,616 shares vest on February 15, 2015.
- (25) 2,166 shares vested on February 15, 2011 and 1,248 shares vest on February 15, 2012.
- (26) 3,996 shares vested on February 15, 2011 and 3,996 shares vest on each of February 15, 2012 and 2013.

Table of Contents**Option Exercises and Shares Vested**

The following table sets forth certain information with respect to options exercised by each named executive officer and share awards vested during 2010:

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting	Value Realized on Vesting
Richard J. Campo	59,230	\$ 692,949	16,628	\$ 626,457
D. Keith Oden	59,230	\$ 692,949	16,628	\$ 626,457
H. Malcolm Stewart	28,810	\$ 331,124	17,450	\$ 654,040
Dennis M. Steen		\$	17,063	\$ 638,497
Alexander J.K. Jessett		\$	6,295	\$ 235,559

Equity Compensation Plan

The following table summarizes information, as of December 31, 2010, relating to the Company's 2002 share incentive plan, the Company's equity compensation plan, pursuant to which grants of options, shares and other rights to acquire shares may be granted from time to time:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	1,837,990	\$ 42.39	1,273,833
Equity compensation plans not approved by security holders			
Total	1,837,990	\$ 42.39	1,273,833

Nonqualified Deferred Compensation

Beginning in 1997, the Compensation Committee established a rabbi trust for the benefit of the Company's officers, including the named executive officers, and Trust Managers in which in previous years such persons had the option to place share grants, compensation (including salary, bonuses and fees) and dividends on previously deferred share awards. Generally, a participant may purchase assets held by the rabbi trust at any time up to 30 years from the date of vesting. The purchase price of a share is 25% of the fair value of that share on the date the share was placed in the rabbi trust. The purchase price of any other asset is 25% of the fair value of that asset on the date the asset was placed in the rabbi trust. The Compensation Committee has also established a deferred compensation plan for the benefit of the Company's officers, including the named executive officers, and Trust Managers in which the participant may elect to defer options or shares granted under the Company's share incentive plans, compensation (including salary, bonuses and fees) and dividends on previously deferred share awards.

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The following table provides certain information regarding contributions to, withdrawals from and earnings (losses) in the rabbi trust and the deferred compensation plan as of December 31, 2010:

Name	Executive Contributions in Last Fiscal Year (1)	Aggregate Earnings in Last Fiscal Year (2)	Aggregate Withdrawals/ Distributions	Aggregate Balance at Last Fiscal Year-End (3)
Richard J. Campo Rabbi Trust	\$	\$ 10,161,181	\$ (6,280,815)	\$ 53,721,536
Deferred Compensation Plan	1,903,520	901,620		3,787,803
	\$ 1,903,520	\$ 11,062,801	\$ (6,280,815)	\$ 57,509,339
D. Keith Oden Rabbi Trust	\$	\$ 10,606,025	\$ (6,279,604)	\$ 57,099,038
Deferred Compensation Plan	1,903,520	938,962		3,857,045
	\$ 1,903,520	\$ 11,544,987	\$ (6,279,604)	\$ 60,956,083
H. Malcolm Stewart Rabbi Trust	\$	\$ 2,426,937	\$	\$ 12,957,182
Deferred Compensation Plan	225,000	1,020,620	(780,874)	4,399,412
	\$ 225,000	\$ 3,447,557	\$ (780,874)	\$ 17,356,594
Dennis M. Steen Rabbi Trust	\$	\$ 199,077	\$ (202,586)	\$ 1,095,547
Deferred Compensation Plan	1,063,601	1,190,925	(571,974)	5,147,367
	\$ 1,063,601	\$ 1,390,002	\$ (774,560)	\$ 6,242,914
Alexander J.K. Jessett Rabbi Trust	\$	\$ 25,530	\$	\$ 118,969
Deferred Compensation Plan	514,397	585,928		2,358,773
	\$ 514,397	\$ 611,458	\$	\$ 2,477,742

(1) Reflects 2010 amounts participants elected to defer including share awards and salary; these amounts are included in the Summary Compensation Table on page 34. The Company credits to the participant's account an amount equal to the amount designated as the participant's deferral for the plan year as indicated in the participant's deferral election. A participant has a fully-vested right to his or her cash deferral amounts, and the deferred option and share awards will vest in accordance with their terms. Amounts deferred by the participants

in 2010 are comprised of:

Name	Salary	Share Awards	Total
Richard J. Campo	\$	\$ 1,903,520	\$ 1,903,520
D. Keith Oden		1,903,520	1,903,520
H. Malcolm Stewart		225,000	225,000
Dennis M. Steen		1,063,601	1,063,601
Alexander J.K. Jessett		514,397	514,397

- (2) Aggregate earnings in 2010 represent the net unrealized gain or loss reported by the administrator of the nonqualified deferred compensation plans, and represent the unrealized appreciation or depreciation of the Company's shares and dividends on previously deferred share awards, salary and bonuses. The gains or losses on the deferred compensation plans do not include any Company or executive contributions, and are not included in the Summary Compensation Table on page 34.
- (3) Includes amounts to be paid by the executive upon withdrawals from the deferred compensation plans as follows: Mr. Campo \$10,289,184; Mr. Oden \$10,827,518; Mr. Stewart \$2,420,046; Mr. Steen \$211,147; and Mr. Jessett \$31,943.

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Potential Payments Upon Termination or Change in Control

The following summarizes the compensation payable to each named executive officer under his employment agreement in the event of a termination of such executive's employment.

Payments Made Upon Any Termination

In all events, the Company is obligated to pay all salary and benefits accrued to the executive through and including the date of termination. Additionally, each executive will be entitled to receive the minimum bonus for the contract year during which the termination occurs, prorated through and including the date of termination.

Payments Made Upon a Termination Without Cause

If the employment term is terminated for reasons other than for cause, the executive will be entitled to receive a severance payment equal to, in the case of Messrs. Stewart, Steen and Jessett, one times his respective annual base salary currently in effect and, in the case of Messrs. Campo and Oden, 2.99 times the greater of his current annual total compensation or his average annual total compensation over the three most recent years. Annual compensation includes salary, bonuses, performance award payments and the value of long term incentive compensation. In addition, unless prohibited by the applicable provider, the executive shall continue to receive health and welfare benefits, as received before the executive's termination, until the earlier of (a) the executive obtaining employment with another company or (b) the end of the employment term, as if the executive had not so terminated.

Messrs. Campo and Oden will become fully vested in the unvested portion of any award made to the executive in respect to any retirement, pension, profit sharing, long-term incentive, or other similar such plans.

Payments Made Upon Death or Disability

If the employment term is terminated by reason of death or disability, the executive will be entitled to receive a severance payment equal to, in the case of Messrs. Stewart, Steen and Jessett, one times his annual base salary, including targeted cash bonus, at the date on which death occurs and in the case of Messrs. Campo and Oden, 2.99 times the greater of his current annual total compensation or his average annual total compensation over the three most recent years. Each executive will become fully vested in the unvested portion of any award made to the executive in respect to any retirement, pension, profit sharing, long-term incentive or other similar such plans. In addition, the executive would be entitled to receive continuation of certain welfare benefits.

Payments Made Upon a Change in Control

If the employment term is terminated by reason of a change in control, the executive will be entitled to receive a severance payment plus a gross-up payment, if any, for excise taxes due on the change in control payments. In the case of Mr. Steen and Jessett, the severance payment equals 2.99 times his average annual salary over the previous three fiscal years. In the case of each of Messrs. Campo, Oden and Stewart, the severance payment generally equals 2.99 times the greater of his current annual total compensation or his average annual total compensation over the previous three fiscal years. Each executive will become fully vested in the unvested portion of any award made to the executive in respect to any retirement, pension, profit sharing, long-term incentive or other similar such plans. In addition, the executive would be entitled to receive continuation of certain welfare benefits.

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The amounts set forth in the table below represent the compensation payable to each named executive officer under his respective employment agreement in the event of a termination of such executive's employment. The amounts shown assume such termination was effective as of December 31, 2010 and therefore include amounts earned through such time and are estimates of the amounts which would be paid the executives upon their termination. The actual amounts to be paid can only be determined at the time of such executive's termination. With respect to a termination by reason of death or disability, the amounts are payable within five days after the termination event. With respect to all other terminations, the amounts will be paid six months after the termination event, are fully vested in favor of the executive officer upon occurrence of a termination event, and the Company is required to transfer such amounts into a deferred compensation plan to be used solely for the purpose of paying such amounts to the executive officer.

Name	Benefit	Reason For Termination		Change in Control
		Without Cause	Death or Disability	
Richard J. Campo	Bonus	\$ 600,000	\$ 600,000	\$ 600,000
	Severance	7,325,632	7,325,632	7,325,632
	Options and Awards (1)	8,532,326	8,532,326	8,532,326
	Gross-Up Payment for Excise Taxes			1,840,499
		\$ 16,457,958	\$ 16,457,958	\$ 18,298,457
D. Keith Oden	Bonus	\$ 600,000	\$ 600,000	\$ 600,000
	Severance	7,325,632	7,325,632	7,325,632
	Options and Awards (1)	8,532,326	8,532,326	8,532,326
	Gross-Up Payment for Excise Taxes			1,840,499
		\$ 16,457,958	\$ 16,457,958	\$ 18,298,457
H. Malcolm Stewart	Bonus	\$ 350,000	\$ 350,000	\$ 350,000
	Severance	370,800	720,800	5,676,120
	Options and Awards (1)	315,459	5,974,599	5,974,599
	Gross-Up Payment for Excise Taxes			1,320,881
		\$ 1,036,259	\$ 7,045,399	\$ 13,321,600
Dennis M. Steen	Bonus	\$ 300,000	\$ 300,000	\$ 300,000
	Severance	351,230	651,230	1,050,178
	Options and Awards (1)	296,746	3,366,638	3,366,638
		\$ 947,976	\$ 4,317,868	\$ 4,716,816
Alexander J.K. Jessett	Bonus	\$ 260,000	\$ 260,000	\$ 260,000
	Severance	230,000	490,000	637,867

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Options and Awards (1)	122,858	1,537,545	1,537,545
	\$ 612,858	\$ 2,287,545	\$ 2,435,412

(1) The amounts represent the benefit of acceleration of unvested options and share awards based upon the Company's share price as of December 31, 2010.

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The Company uses a combination of cash and share-based compensation to attract and retain qualified candidates to serve on the Board. In setting Board compensation, the Board considers the significant amount of time Trust Managers expend in fulfilling their duties as well as the skill level it requires of members of the Board. For 2010, Trust Managers, other than those who are employees, were paid the following fees:

Annual fee	\$ 18,000
For each Board meeting attended	1,000
For each committee meeting attended	750
Chair of the Audit Committee	15,000

The Company also reimburses Trust Managers for travel expenses incurred in connection with their activities on the Company's behalf.

Each non-employee Trust Manager receives share awards with a market value of \$100,000 on the date of grant upon his election to the Board and on each succeeding year he is a Trust Manager. The Lead Independent Trust Manager will receive additional share awards with a market value of \$25,000 each year he is Lead Independent Trust Manager. The table below summarizes the compensation the Company paid to each non-employee Trust Manager for 2010:

Name (1)	Fees Earned or Paid in Cash	Stock Awards (2)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (3)	All Other Compensation	Total
William R. Cooper	\$ 26,000	\$ 100,011		\$	\$ 126,011
Scott S. Ingraham	48,500	100,011			148,511
Lewis A. Levey	31,250	125,001			156,251
William B. McGuire, Jr.	29,000	100,011		89,987(4)	218,998
F. Gardner Parker	23,750	100,011			123,761
William F. Paulsen	30,500	100,011		123,964(4)	254,475
Steven A. Webster	26,000	100,011			126,011
Kelvin R. Westbrook	27,500	100,011			127,511

- (1) Richard J. Campo, Chairman of the Board and Chief Executive Officer, and D. Keith Oden, President, are not included in this table as they are employees and thus receive no compensation for their services as Trust Managers. The compensation received by Messrs. Campo and Oden as employees is shown in the Summary Compensation Table on page 34.
- (2) The dollar amount reported is the aggregate grant date fair value of awards granted during the year computed in accordance with ASC 718, *Compensation-Stock Compensation*. Assumptions used in the calculation of these amounts are included in note 11 to the audited consolidated financial statements for the year ended December 31, 2010 included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

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As of December 31, 2010, none of the non-employee Trust Managers held any vested or unvested options and such persons held the following numbers of vested and unvested share awards:

Name	Vested Share Awards	Unvested Share Awards
William R. Cooper	23,498	6,644
Scott S. Ingraham	17,054	6,644
Lewis A. Levey	23,858	8,085
William B. McGuire, Jr.		1,961
F. Gardner Parker	22,653	6,867
William F. Paulsen	5,499	6,644
Steven A. Webster	27,498	6,644
Kelvin R. Westbrook	1,506	5,863

- (3) The Company does not have a pension plan. There were no earnings on nonqualified deferred compensation which were above-market or preferential.
- (4) Represents amounts paid pursuant to a defined post-retirement benefit plan relating to prior service with Summit Properties Inc. for health benefits, secretarial and computer-related services, and office facilities.

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AUDIT COMMITTEE INFORMATION

Deloitte has served as the Company's independent registered public accounting firm for fiscal year 2010. Representatives of Deloitte are expected to be present at the annual meeting and will have the opportunity to make a statement if they desire to do so. They are also expected to be available to respond to appropriate questions.

Report of the Audit Committee

The Audit Committee operates under a written charter adopted by the Board, and it is available on the investor relations section of the Company's website at www.camdenliving.com.

Each member of the Audit Committee satisfies the requirements for independence as set forth in Rule 10A-3(b)(1) of the Exchange Act and Sections 303A.02 and 303A.07(b) of the NYSE's listing standards and each member is free from any relationship which, in the opinion of the Board, would interfere with the exercise of his independent judgment as a member of the Audit Committee.

The Audit Committee met with management periodically during the year to consider the adequacy of the Company's internal controls and the objectivity of its financial reporting, and discussed these matters with representatives of the Company's independent registered public accounting firm and with appropriate Company financial personnel, including the internal auditors. The Audit Committee also discussed the process used for certifications by the Company's Chief Executive Officer and Chief Financial Officer required for certain of the Company's filings with the Securities and Exchange Commission with the Company's senior management, representatives of the Company's independent registered public accounting firm and the Company's internal auditors.

The Audit Committee met privately with representatives of the independent registered public accounting firm, senior management, internal auditors and outside counsel, each of whom has unrestricted access to the Audit Committee.

The Audit Committee appointed Deloitte as the independent registered public accounting firm for the Company after reviewing the firm's performance and independence from management. Management has primary responsibility for the Company's consolidated financial statements and the overall reporting process, including the Company's system of internal controls.

The independent registered public accounting firm audited the annual consolidated financial statements prepared by management, expressed an opinion as to whether those consolidated financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company and its subsidiaries in conformity with accounting principles generally accepted in the United States of America and discussed with the Audit Committee any issues they believed should be raised with the Audit Committee.

The Audit Committee reviewed with management and Deloitte the Company's audited consolidated financial statements and met separately with both management and Deloitte to discuss and review those consolidated financial statements and reports prior to issuance. The Audit Committee further reviewed and discussed with both management and Deloitte the Company's process to comply with Section 404 of the Sarbanes-Oxley Act. Management has represented, and Deloitte has confirmed, to the Audit Committee the consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America.

The Audit Committee has discussed with Deloitte matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

The Audit Committee has received the written disclosures and the letter from Deloitte required by applicable requirements of the Public Company Accounting Oversight Board regarding Deloitte's communications with the Audit Committee concerning independence, and has discussed with Deloitte such firm's independence.

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Based on the review and discussions referred to above, the Audit Committee recommended to the Board the Company's audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

The Audit Committee also reappointed, subject to shareholder ratification, Deloitte as the Company's independent registered public accounting firm for 2011.

This section of the proxy statement is not deemed filed with the SEC and is not incorporated by reference into the Company's Annual Report on Form 10-K.

This Audit Committee report is given by the following members of the Audit Committee:

Scott S. Ingraham, Chair

William B. McGuire, Jr.

Kelvin R. Westbrook

Independent Registered Public Accounting Firm Fees

The following summarizes the approximate aggregate fees billed to the Company for the fiscal years ended December 31, 2010 and 2009 by Deloitte, the Company's principal independent registered public accounting firm, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively, "Deloitte Entities"):

Type of Services (a)	Total Approximate Fees	
	2010	2009
Audit Fees (b)	\$ 1,237,443	\$ 1,269,282
Tax Fees (c)	126,170	122,530
All Other Fees		
Total (d)	\$ 1,363,613	\$ 1,391,812

- (a) All such services provided to the Company by the Deloitte Entities during 2010 and 2009 were pre-approved by the Audit Committee.
- (b) Fees for audit services billed in 2010 and 2009 include the following:
- Audit of annual financial statements;
 - Audit of internal controls over financial reporting;
 - Reviews of quarterly financial statements; and
 - Issuances of comfort letters, consents and other services related to SEC matters.
- (c) Fees for tax services billed in 2010 and 2009 included tax compliance services and tax planning and advisory services.
- (d) Excludes amounts the Company reimbursed the Deloitte Entities for out-of-pocket expenses, which totaled approximately \$10,000 in 2010 and \$15,500 in 2009.

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Pre-Approval Policies and Procedures

The Audit Committee has developed policies and procedures concerning its pre-approval of audit and non-audit services provided to the Company by its independent registered public accounting firm. These policies and procedures provide the Audit Committee must pre-approve all audit and permitted non-audit services (including the fees and terms thereof) to be rendered to the Company by its independent registered public accounting firm.

The independent registered public accounting firm provides the Audit Committee with a list describing the services expected to be performed by the independent registered public accounting firm, and any request for services not contemplated by this list must be submitted to the Audit Committee for specific pre-approval and the provision of such services cannot commence until such approval has been granted. Normally, pre-approval is provided at regularly scheduled meetings. However, the Audit Committee has authorized any of the members of the Audit Committee to approve the provision by the Company's independent registered public accounting firm of non-audit services not prohibited by law. Any such decision made by a member of the Audit Committee will be reported by such member to the full Audit Committee at its next meeting.

In addition, although not required by the rules and regulations of the SEC, the Audit Committee generally requests a range of fees associated with each proposed service. The Audit Committee believes providing a range of fees for a service incorporates appropriate oversight and control of the independent registered public accounting firm relationship, while permitting the Company to receive immediate assistance from the independent registered public accounting firm when time is of the essence.

Ratification of the Selection of the Independent Registered Public Accounting Firm

The Audit Committee has reappointed Deloitte as the Company's independent registered public accounting firm for 2011.

The proposal will be approved if it receives the affirmative vote of the majority of shares represented in person or by proxy at the meeting.

The Audit Committee, which has the sole authority to retain the Company's independent registered public accounting firm, recommends you vote FOR the ratification of the appointment of Deloitte as the Company's independent registered public accounting firm for 2011.

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REINCORPORATION FROM TEXAS TO MARYLAND

The Board has unanimously approved the proposal to reincorporate from Texas to Maryland and, for the reasons discussed below, believes changing the Company's state of formation to Maryland is in the best interests of the Company and its shareholders. The effect of the reincorporation will be to change the law applicable to the Company's corporate affairs from the Texas Business Organization Code, or the TBOC, to the Maryland General Corporation Law, or the MGCL. Following the reincorporation:

The Company's corporate name will be Camden Properties, Inc.

The Company's corporate office will continue to be located in Houston, Texas. The Company will not establish any offices or operations in Maryland as a result of the reincorporation.

The Company's business, Board members and management will continue to be the same as immediately before the reincorporation.

The Company intends to continue to operate in a manner to maintain its qualification as a REIT under the Internal Revenue Code of 1986, as amended, or the Code.

The Company's fiscal year, assets, liabilities and dividend policies will be the same as immediately before the reincorporation.

Reasons for the Reincorporation

The Board recommends the Company change its state of formation from Texas to Maryland because it believes the Company will benefit in a number of ways, including those described below:

The Company believes Maryland has a more comprehensive and modern body of law governing REITs than Texas does. For many years, Maryland has had a policy of encouraging REITs to establish legal domicile in Maryland. In furtherance of this policy, Maryland has adopted comprehensive, modern and flexible laws which, unlike the TBOC, are periodically updated and revised to meet changing business needs. Maryland has a comprehensive body of law specific to REITs and a pro-REIT state tax structure, and provisions which permit the issuance of shares to holders for the specific purpose of satisfying REIT tax requirements on share ownership.

As a result of Maryland's policy of encouraging REITs to establish their legal domicile in Maryland, and based on information available to the Company, 98 publicly-traded REITs which are members of the National Association of Real Estate Investment Trusts, or NAREIT, or approximately 72%, are currently organized under Maryland law. Only three publicly-traded REITs which are members of NAREIT, or approximately 2%, are organized in Texas. With respect to the Company's peer group, two-thirds are incorporated in Maryland and none is incorporated in Texas.

Because of Maryland's more comprehensive laws governing REITs and the number of REITs domiciled in Maryland, the Company believes Maryland courts have developed a greater expertise than Texas courts in dealing with REITs and REIT issues and thus have developed a greater body of relevant case law. The Company also believes the comprehensive Maryland statutes, Maryland's policies with respect to REITs and the established body of relevant case law are more conducive to the operations of a REIT than the laws and policies of Texas, and they provide boards and management of a REIT with greater certainty and predictability in managing the affairs of a REIT. The Company believes this has resulted in Maryland law providing management of a REIT with greater certainty and predictability in managing the affairs of a REIT.

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Maryland has a separate statute governing REITs which are organized as a trust, and while this statute does not apply to corporations, many believe it helps provide greater certainty with respect to the treatment of a REIT under state law.

Due to the large number of REITs incorporated in Maryland, the reincorporation would bring the Company's governance and charter documents more in line with those of other REITs. The Maryland charter and Maryland statutes should provide the Company with a greater ability to preserve its REIT status.

In prior years, Texas law provided Texas chartered REITs with a franchise tax advantage. This law has been changed, and this advantage no longer exists.

Disadvantages of the Reincorporation

While the Board believes the reincorporation is in the best interests of the Company and its shareholders, Texas and Maryland law differ in some respects. The rights of shareholders and the powers of management under Maryland and Texas law are discussed in more detail below.

The Reincorporation

Following approval by shareholders, the reincorporation will become effective when articles of merger are filed with and accepted for record by the State Department of Assessments and Taxation of the State of Maryland and the County Clerk of Harris County, Texas. The Company anticipates these filings will be made as soon as possible after the annual meeting. At the effective time of the merger:

Camden Property Trust will be merged with and into Camden Properties, Inc., a wholly-owned Maryland subsidiary of Camden Property Trust, pursuant to the Agreement and Plan of Merger, a copy of which is attached to this proxy statement as Annex A. Camden Properties, Inc. will be the surviving Maryland corporation in the merger. Camden Properties, Inc. was formed specifically for the purpose of the reincorporation and has conducted no business and has no material assets or liabilities. The Company's other subsidiaries and operating partnerships will be unchanged.

Camden Property Trust will cease to exist as a Texas REIT. As a Maryland corporation, the Company will be governed by Maryland law instead of the TBOC.

The Company will be governed by the Maryland charter and Maryland bylaws attached to this proxy statement as Annex B and Annex C, respectively.

The number of directors comprising the Board of Directors of the Maryland corporation will initially be nine, each of whom is currently a member of the Board.

The current officers listed on page 14 will be the initial officers of the Maryland corporation.

Each of the Company's common shares will be converted into one share of common stock of the Maryland corporation.

Each outstanding share of common stock of the Maryland corporation will entitle the holder thereof to voting rights (except as provided under Maryland law as discussed below), dividend rights and liquidation rights equivalent to the rights of holders of the Company's common shares prior to the reincorporation.

You will not need to exchange your current share certificates in connection with the merger. All certificates representing the Company's common shares immediately prior to the merger will be deemed to represent a like number of shares of the Maryland corporation's common stock without any action on the part of the holder.

Each option to purchase one of the Company's common shares immediately prior to the merger will thereafter entitle the holder to purchase one share of the Maryland corporation's common stock on the same terms without any action on the part of the holder.

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The reincorporation is subject to conditions, including approval by at least two-thirds of the votes entitled to be cast at the meeting.

The Company's common shares are currently listed on the NYSE under the symbol CPT and following the reincorporation will continue to be listed on the NYSE under the same symbol. The NYSE has advised the Company it will consider delivery of existing certificates representing the Company's common shares as constituting good delivery of the Maryland corporation's common stock in transactions subsequent to the reincorporation.

If the reincorporation is approved and the merger completed, the Company will take necessary action to provide all rights of participants in its share incentive and share purchase plans prior to the merger will be substantially identical to their rights following the merger. Accordingly, the participants' new rights will be on substantially identical terms and conditions contained in the existing plans. A vote to approve the reincorporation will also be deemed a vote to approve the necessary amendments to the Company's existing share incentive and share purchase plans.

Material Federal Income Tax Consequences of the Reincorporation

Consummation of the reincorporation merger is subject to the Company's receipt of an opinion of Locke Lord Bissell & Liddell LLP to the effect, on the basis of facts, representations and assumptions set forth in the opinion, the reincorporation will be treated for federal income tax purposes as a reorganization within the meaning of section 368(a) of the Code. Based on the intended qualification of the reincorporation as a reorganization, the Company will not recognize any gain or loss for federal tax purposes as a result of the reincorporation, and none of its shareholders who receive common stock of the new Maryland corporation in exchange for the current common shares will recognize any gain or loss for federal tax purposes. State, local or foreign income tax consequences to shareholders may vary from the federal tax consequences described above, and shareholders should consult their own tax advisors as to the effect of the reincorporation under applicable tax laws.

Increase in the Number of Authorized Shares

The Company's declaration of trust authorizes the issuance of 100,000,000 common shares, of which 72,898,439 shares were issued and outstanding as of March 14, 2011, net of treasury shares. The Maryland charter authorizes 200,000,000 shares of common stock. The additional shares of common stock resulting from the increase in authorized capital will be available for issuance from time to time as may be required for various purposes, including the issuance or reservation of common stock in connection with financing or acquisition opportunities and for incentive programs. The proposed change in the authorized capital is not intended to have any antitakeover effect.

Comparison of Rights of Shareholders and the Corporate Governance Before and After the Reincorporation

Your rights as a shareholder are governed currently by the TBOC and the Company's amended and restated declaration of trust and second amended and restated bylaws. As a Maryland corporation, the Company will be governed by the MGCL, the Maryland charter attached hereto as Annex B, as further amended from time to time, and the Maryland bylaws attached hereto as Annex C, as further amended from time to time.

The material differences between the applicable Texas and Maryland law and among these various documents are summarized below. The comparison of rights of the shareholders before and after the reincorporation below is not complete and is subject to and qualified in its entirety by reference to the TBOC, the MGCL, the Maryland charter and bylaws, and the Texas amended and restated declaration of trust and second amended and restated bylaws, copies of which may be obtained by writing to the Corporate Secretary at Camden Property Trust, 3 Greenway Plaza, Suite 1300, Houston, Texas 77046.

Table of Contents***Capitalization***

Texas. The Texas declaration of trust authorizes a total of 110,000,000 shares consisting of 100,000,000 common shares, \$0.01 par value per share, and 10,000,000 preferred shares, \$0.01 par value per share. As of March 14, 2011, 72,898,439 common shares, net of treasury shares, and no preferred shares were issued and outstanding.

Maryland. The Maryland charter authorizes a total of 210,000,000 shares of stock consisting of 200,000,000 shares of common stock, \$0.01 par value per share, and 10,000,000 shares of preferred stock, \$0.01 par value per share. The Maryland charter is the same as the current Texas declaration of trust with respect to the rights, designations and preferences of outstanding stock. Immediately following the merger, the Maryland corporation will have outstanding the same number of shares of common and preferred stock as the Texas REIT had immediately prior to the merger.

Charter Amendments

Texas. The Texas declaration of trust may be amended only if declared advisable by the Board and approved by the affirmative vote of at least two-thirds of the outstanding shares. However, a vote of at least 80% of the outstanding common shares is required to amend or repeal articles relating to (a) the prohibition against engaging in non-REIT businesses, (b) the approval of certain business combinations, (c) share ownership requirements, and (d) amending or repealing of the declaration of trust.

Maryland. The Maryland charter may be amended only if declared advisable by the Board and approved by shareholders by the affirmative vote of at least a majority of all of the votes entitled to be cast on the matter. However, to the extent permitted by Maryland law, the Board, with the approval of a majority of the Board and without any action of the shareholders, may amend the charter to change the name of the corporation, the name or other designation or par value of any class or series of stock, and the aggregate par value of the Company's stock.

Amendment to Bylaws

Texas. The Texas bylaws may be amended (a) by the affirmative vote of a majority of the members of the Board, or (b) by the affirmative vote of the holders of a majority of the outstanding shares, provided, however, to the extent not inconsistent with the TBOC and the Texas declaration of trust, and as specified in the notice of the meeting, the Texas bylaws relating to business at annual shareholder meetings, election and term of office of Trust Managers, nomination of Trust Managers, removal of Trust Managers, vacancies of Trust Managers and amendment of bylaws, may be amended by the affirmative vote of two-thirds of the outstanding common shares.

Maryland. The Maryland bylaws may be amended only by the affirmative vote of a majority of the members of the Board. The stockholders have no right to amend or propose an amendment to the Maryland bylaws.

Stockholder Action by Written Consent

Under both the TBOC and the MGCL, any action required or permitted to be taken at a meeting of stockholders may be taken without a meeting only if all stockholders entitled to vote on the matter execute a written consent setting forth the action. For publicly traded entities, shareholder action without a meeting is not practicable for either a Texas REIT or a Maryland corporation.

Special Stockholder Meetings

Texas. The TBOC provides special meetings of shareholders may be called by a Trust Manager, any officer of the REIT or such other persons as may be provided in the declaration of trust or the bylaws. The Texas bylaws provide special meetings of shareholders for any purpose may be called by the Board, any officer or the holders of at least 10% of the shares entitled to vote at the meeting.

The TBOC and the Texas bylaws provide any action required or permitted to be taken at a meeting of shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the shareholders entitled to vote with respect to the subject matter thereof, and such consent will have the same force and effect as a unanimous vote of the shareholders.

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Maryland. The MGCL provides special meetings of stockholders may be called by the president, the Board of Directors or any other person specified in the charter or the bylaws. The Maryland bylaws provide special meetings of the stockholders may be called by the chairman of the board, president, chief executive officer or a majority of the Board. In addition, the secretary must call a special meeting of the stockholders on the written request of the stockholders entitled to cast 10% of all the votes entitled to be cast at the meeting.

Restrictions on Ownership and Transfer of Stock

Texas. The declaration of trust contains ownership and transfer restrictions designed to preserve the Company's REIT status under the Code and provides in general no holder may own, or be deemed to own by virtue of the attribution provisions of the Code, more than 9.8% of the Company's total outstanding capital shares. Any transfer of shares will not be valid if it would:

create a direct or indirect ownership of shares in excess of 9.8% of the Company's total outstanding capital shares;

result in shares being owned by fewer than 100 persons;

result in the Company being closely held within the meaning of section 856(h) of the Code; or

result in the Company's disqualification as a REIT.

If any person owns or is deemed to own more than 9.8% of the Company's total outstanding capital shares, the shares which exceed this ownership limit will automatically be deemed to be transferred to the Company. The Company will act as trustee of a trust for the exclusive benefit of the transferees to whom these shares may ultimately be transferred without violating the 9.8% ownership limit. While in trust, these shares will not be entitled to participate in dividends or other distributions and, except as required by law, will not be entitled to vote. The Company will have the right, for a period of 90 days during the time any securities are held by it in trust, to purchase all or any portion of these securities from the original shareholder at the lesser of the price paid for the shares and the market price of the shares on the date the Company exercises its option to purchase. All certificates representing capital shares bear a legend referring to the restrictions described above.

Maryland. The Maryland charter also contains restrictions on the ownership and transfer of stock. The relevant sections of the charter provide, subject to the exceptions described below, no person or entity may own, or be deemed to own, by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% by value or number of shares, whichever is more restrictive, of the outstanding shares of the Company's common stock, or 9.8% by value or number of shares, whichever is more restrictive, of the outstanding shares of all classes and series of the Maryland corporation's capital stock. These limits are collectively referred to as the ownership limit. A person or entity which becomes subject to the ownership limit by virtue of a violative transfer which results in a transfer to a trust, as described below, is referred to as a prohibited owner if, had the violative transfer been effective, the person or entity would have been a record owner and beneficial owner or solely a beneficial owner of shares of the Maryland corporation's stock.

The constructive ownership rules under the Code are complex and may cause shares of stock owned actually or constructively by a group of related individuals and/or entities to be owned constructively by one individual or entity. As a result, the acquisition of less than 9.8% by value or number of shares, whichever is more restrictive, of the outstanding shares of the Maryland corporation's common stock, or 9.8% by value or number of shares, whichever is more restrictive, of the outstanding shares of all classes and series of the Maryland corporation's capital stock (or the acquisition of an interest in an entity which owns, actually or constructively, shares of the Maryland corporation's stock by an individual or entity), could, nevertheless, cause such individual or entity, or another individual or entity, to own constructively shares of stock in excess of the ownership limit.

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The Board may, in its sole discretion, subject to such conditions as it may determine and the receipt of certain representations and undertakings, prospectively or retroactively, waive the ownership limit or establish a different limit on ownership, or excepted holder limit, for a particular stockholder if the stockholder's ownership in excess of the ownership limit would not result in the Maryland corporation being closely held within the meaning of section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise would result in the Maryland corporation failing to qualify as a REIT. As a condition of its waiver, the Board of Directors may, but is not required to, require an opinion of counsel or IRS ruling satisfactory to the Board of Directors with respect to the qualification of the Maryland corporation as a REIT.

In connection with granting a waiver of the ownership limit, creating an excepted holder limit or at any other time, the Board of Directors may from time to time increase or decrease the ownership limit for persons and entities unless, after giving effect to such increase, five or fewer individuals could own or constructively own in the aggregate, more than 49.9% in value of the shares then outstanding or the Maryland corporation would otherwise fail to qualify as a REIT. Prior to the modification of the ownership limit, the Board of Directors may require such opinions of counsel, affidavits, undertakings or agreements as it may deem necessary or advisable in order to determine or ensure the qualification as a REIT. A reduced ownership limit will not apply to any person or entity whose percentage ownership of the Maryland corporation's common stock or stock of all classes and series, as applicable, is in excess of such decreased ownership limit until such time as such person's or entity's percentage ownership of the Maryland corporation's common stock or stock of all classes and series, as applicable, equals or falls below the decreased ownership limit, but any further acquisition of shares of common stock or stock of any other class or series, as applicable, in excess of such percentage ownership of common stock or stock of all classes and series will be in violation of the ownership limit.

The charter further prohibits:

any person from beneficially or constructively owning, applying certain attribution rules of the Code, shares of the Maryland corporation's stock which would result in it being closely held under section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise cause the Maryland corporation to fail to qualify as a REIT; and

any person from transferring shares of the Maryland corporation's stock if such transfer would result in shares of its stock being owned by fewer than 100 persons (determined without reference to any rules of attribution).

Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of shares of the Maryland corporation's stock which will or may violate the ownership limit or any of the other foregoing restrictions on ownership and transfer of its stock must give at least 15 days prior written notice to the Maryland corporation and provide it with such other information as it may request in order to determine the effect of such transfer on the qualification as a REIT. The foregoing restrictions on ownership and transfer of the Maryland corporation's stock will not apply if its Board of Directors determines it is no longer in the Maryland corporation's best interests to attempt to qualify, or to continue to qualify, as a REIT.

If any transfer of shares of the Maryland corporation's stock would result in shares of its stock being beneficially owned by fewer than 100 persons, such transfer will be null and void and the intended transferee will acquire no rights in such shares. In addition, if any purported transfer of shares of the Maryland corporation's stock or any other event would otherwise result in any person violating the ownership limit or an excepted holder limit established by the Board of Directors or in the Maryland corporation being closely held under section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise failing to qualify as a REIT, then the number of shares (rounded up to the nearest whole share) which would cause the Maryland corporation to violate such restrictions will be automatically transferred to, and held by, a trust for the exclusive benefit of one or more charitable organizations selected by the Maryland corporation and the intended transferee will acquire no rights in such shares. The automatic transfer will be effective as of the close of business on the business day prior to the date of the violative transfer or other event which results in a transfer to the trust. Any dividend or other distribution paid to the prohibited owner, prior to the Maryland corporation's discovery of the automatic transfer of the shares to a trust as

described above, must be repaid to the trustee upon demand for distribution to the beneficiary by the trust. If the transfer to the trust as described above is not automatically effective, for any reason, to prevent violation of the applicable ownership limit or the Maryland corporation being closely held under section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise failing to qualify as a REIT, then the Maryland charter provides the transfer of the shares will be null and void.

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Shares of stock transferred to the trustee are deemed offered for sale to the Maryland corporation, or its designee, at a price per share equal to the lesser of (1) the price paid by the prohibited owner for the shares (or, if the event which resulted in the transfer to the trust did not involve a purchase of such shares of stock at market price, the last reported sales price reported on the NYSE (or other applicable exchange) on the day of the event which resulted in the transfer of such shares of stock to the trust) and (2) the market price on the date the Maryland corporation, or its designee, accepts such offer. The Maryland corporation may reduce the amount payable by the amount of any dividend or other distribution the Maryland corporation has paid to the prohibited owner before it discovered the shares had been automatically transferred to the trust and are then owed to the trustee as described above, and the Maryland corporation may pay the amount of any such reduction to the trustee for the benefit of the charitable beneficiary. The Maryland corporation has the right to accept such offer until the trustee has sold the shares of stock held in the trust as discussed below. Upon a sale to the Maryland corporation, the interest of the charitable beneficiary in the shares sold terminates, the trustee must distribute the net proceeds of the sale to the prohibited owner and any dividends or other distributions held by the trustee with respect to such shares of stock will be paid to the charitable beneficiary.

If the Maryland corporation does not buy the shares, the trustee must, within 20 days of receiving notice from the Maryland corporation of the transfer of shares to the trust, sell the shares to a person or entity designated by the trustee who could own the shares without violating the ownership limit or the other restrictions on ownership and transfer of the Maryland corporation's stock. After the sale of the shares, the interest of the charitable beneficiary in the shares transferred to the trust will terminate and the trustee must distribute to the prohibited owner an amount equal to the lesser of (1) the price paid by the prohibited owner for the shares (or, if the event which resulted in the transfer to the trust did not involve a purchase of such shares at market price, the last reported sales price reported on the NYSE (or other applicable exchange) on the day of the event which resulted in the transfer of such shares of stock to the trust) and (2) the sales proceeds (net of commissions and other expenses of sale) received by the trust for the shares. The trustee may reduce the amount payable to the prohibited owner by the amount of any dividend or other distribution the Maryland corporation paid to the prohibited owner before it discovered the shares had been automatically transferred to the trust and are then owed to the trustee as described above. Any net sales proceeds in excess of the amount payable to the prohibited owner will be immediately paid to the beneficiary of the trust, together with any dividends or other distributions thereon. In addition, if, prior to discovery by the Maryland corporation of the transfer of shares to a trust, such shares of stock are sold by a prohibited owner, then such shares will be deemed to have been sold on behalf of the trust and to the extent the prohibited owner received an amount for or in respect of such shares which exceeds the amount such prohibited owner was entitled to receive, such excess amount will be paid to the trustee upon demand. The prohibited owner has no rights in the shares held by the trustee.

The trustee will be designated by the Maryland corporation and will be unaffiliated with it and with any prohibited owner. Prior to the sale of any shares by the trust, the trustee will receive, in trust for the beneficiary of the trust, all dividends and other distributions paid by the Maryland corporation with respect to the shares held in trust and may also exercise all voting rights with respect to the shares held in trust. These rights will be exercised for the exclusive benefit of the beneficiary of the trust. Any dividend or other distribution paid prior to the Maryland corporation's discovery of the transfer of the shares to the trust will be paid by the recipient to the trustee upon demand.

Subject to Maryland law, effective as of the date the shares have been transferred to the trust, the trustee will have the authority, at the trustee's sole discretion:

- to rescind as void any vote cast by a prohibited owner prior to the Maryland corporation's discovery of the transfer of the shares to the trust; and

- to recast the vote in accordance with the desires of the trustee acting for the benefit of the beneficiary of the trust.

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However, if the Maryland corporation has already taken irreversible corporate action, then the trustee may not rescind and recast the vote.

In addition, if the Board of Directors determines in good faith a proposed transfer would violate the restrictions on ownership and transfer of the Maryland corporation's stock, the Board of Directors will take such action as it deems advisable to refuse to give effect to or to prevent such transfer, including, but not limited to, causing the Maryland corporation to redeem the shares of stock, refusing to give effect to the transfer on the books of the Maryland corporation or instituting proceedings to enjoin the transfer.

Every owner of more than 5% (or such lower percentage as required by the Code or the regulations promulgated thereunder) of the Maryland corporation's stock, within 30 days after the end of each taxable year, must give the Maryland corporation written notice, stating the stockholder's name and address, the number of shares of each class and series of the Maryland corporation's stock the stockholder beneficially owns and a description of the manner in which the shares are held. Each such owner must provide the Maryland corporation with such additional information as it may request in order to determine the effect, if any, of the stockholder's beneficial ownership on the Maryland corporation's qualification as a REIT and to ensure compliance with the ownership limit. In addition, each stockholder must provide the Maryland corporation with such information as it may request in good faith in order to determine its qualification as a REIT and to comply with the requirements of any taxing authority or governmental authority or to determine such compliance.

Any certificates representing shares of stock will bear a legend referring to the restrictions described above.

These restrictions on ownership and transfer will not apply if the Board of Directors determines it is no longer in the best interests of the Maryland corporation to continue to qualify as a REIT.

These restrictions on ownership and transfer could delay, defer or prevent a transaction or a change in control which might involve a premium price for the common stock or otherwise be in the best interest of the stockholders.

Number and Election of Board Members

Texas. The Texas bylaws provides the number of Trust Managers will be no less than two nor more than ten and the number of Trust Managers may be fixed from time to time by resolution adopted by a majority of the Trust Managers. Vacancies on the Board may be filled by successor Trust Managers either appointed by a majority of the remaining Trust Managers or elected by the vote of the holders of at least two-thirds of the outstanding shares at a meeting of shareholders. Any Trust Manager elected to fill a vacancy created by the resignation, removal, incapacity or death of a former Trust Manager will hold office for the unexpired term of such former Trust Manager.

The TBOC and the Texas bylaws also provide Trust Manager nominees who have not been previously elected as Trust Managers by shareholders are elected at shareholder meetings by the affirmative vote of the holders of two-thirds of the outstanding shares. Trust managers who have been previously elected as Trust Managers by shareholders are re-elected at shareholder meetings by the affirmative vote of the holders of a majority of the shares present in person or represented by proxy at such meeting; provided, however, any Trust Manager which has been previously elected as a Trust Manager by the shareholders who is not re-elected by such majority vote at a subsequent meeting will nevertheless remain in office until his or her successor is elected and qualified.

Maryland. Under the MGCL, the number of directors is provided by the charter until changed by the bylaws. The bylaws may both alter the number of directors set by the charter and authorize a majority of the entire Board of Directors to alter, within specified limits, the number of directors set by the charter or the bylaws, but the action may not affect the tenure of office of any director.

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The Maryland charter provides the initial number of directors will be ten, which number may be changed in accordance with the Maryland bylaws, provided the total number of directors may not be less than the minimum number permitted by the MGCL. The Maryland bylaws provide the number of directors will not be less than one nor more than 15, with the exact number fixed by the Board. Subject to the foregoing, the number of directors will be fixed at ten, with one vacancy on the Board. Subject to the terms of any class or series of preferred stock, vacancies on the Board of Directors may be filled only by a majority of the remaining directors, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy will hold office for the remainder of the full term of the directorship in which the vacancy occurred and until his or her successor is duly elected and qualifies.

Pursuant to the Maryland bylaws, directors will be elected by a plurality vote of the shares, represented in person or by proxy, at a stockholder meeting entitled to vote on the election of directors. The directors of the Maryland corporation will be the same as the Trust Managers of the Texas REIT immediately prior to the merger.

Removal of Board Members

Texas. Pursuant to the Texas bylaws, a Trust Manager may be removed at any time with or without cause by the vote of holders of shares representing two-thirds of the total votes authorized to be cast by shares then outstanding and entitled to vote thereon.

Maryland. The Maryland charter provides, subject to the rights of the preferred stock to elect or remove one or more directors, a director may be removed from office at any time with or without cause by the affirmative vote of the holders of not less than a majority of the outstanding shares entitled to vote, voting as a class, in the election of directors.

Advance Notice of Nominations of Board Members and New Business

Texas. Under the Texas bylaws, a shareholder must make any nomination for Trust Manager or other matter to be considered at a shareholder meeting in writing to the secretary at least 60 and not more than 90 days prior to the date of the applicable annual meeting of shareholders; provided, however, in the event less than 70 days notice or prior public disclosure of the date of the meeting is given or made, notice by the shareholder, to be timely, must be received not later than the close of business on the tenth day following the day on which such notice of the date of the applicable annual meeting was mailed or such public disclosure of the date of such annual meeting was made, whichever first occurs.

The Texas bylaws provide with respect to an annual meeting of shareholders, nominations of persons for election to the Board and the proposal of business to be considered by shareholders may be made only:

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