

UDR, Inc.  
Form DEF 14A  
April 08, 2015

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

UDR, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

(1) Title of each class of securities to which transaction applies:

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(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

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statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

April 8, 2015

Dear Fellow Stockholders:

It is my pleasure to invite you to attend our Annual Meeting of Stockholders. The meeting will be held on May 21, 2015, at 10:00 a.m. local time at the Hotel Teatro, 1100 14th Street, Denver, CO 80202.

The business to be conducted at the meeting is set forth in the formal notice of annual meeting of stockholders and proxy statement that accompany this letter. At the meeting we will also report on the Company's performance and respond to questions.

Your vote is important. Whether or not you plan to attend the meeting, we urge you to vote your shares electronically through the Internet, by telephone or, if you have requested and received a paper copy of the proxy statement, by completing, signing and returning the paper proxy card enclosed with the proxy statement. Voting through the Internet or by telephone will eliminate the need to return your proxy card.

Sincerely,  
UDR, INC.

JAMES D. KLINGBEIL  
Chairman of the Board of Directors

UDR, Inc.  
1745 Shea Center Drive, Suite 200, Highlands Ranch, Colorado 80129-1540  
Tel: 720.283.6120 Fax: 720.283.2451

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NOTICE OF 2015 ANNUAL MEETING OF STOCKHOLDERS

APRIL 8, 2015

DATE AND TIME: May 21, 2015, at 10:00 a.m. local time

PLACE: Hotel Teatro, 1100 14th Street, Denver, CO 80202

- ITEMS OF BUSINESS:
1. To elect eight directors to serve until the next annual meeting of stockholders or until their successors are elected and qualified.
  2. To ratify the appointment of Ernst & Young LLP to serve as independent registered public accounting firm for the year ending December 31, 2015.
  3. To vote to approve, on an advisory basis, the compensation of our named executive officers disclosed in this proxy statement.
  4. To transact such other business as may properly come before the meeting and any adjournment or postponement of the meeting.

RECORD DATE: Monday, March 23, 2015. UDR stockholders of record as of the close of business on that date are entitled to vote at the meeting.

NOTICE: On or about April 8, 2015, we intend to mail to our stockholders of record a notice containing instructions on how to access our 2015 proxy statement and our annual report for the year ended December 31, 2014, and how to vote online. The notice also provides instructions on how you can request a paper copy of these documents if you desire, and how you can enroll in e-delivery. If you received your annual meeting materials via email, the email contains voting instructions and links to our annual report and proxy statement on the Internet.

PROXY VOTING: Your vote is important. Whether or not you plan to attend the meeting, we urge you to vote your shares electronically through the Internet, by telephone or, if you have requested and received a paper copy of the proxy statement, by completing, signing and returning the paper proxy card enclosed with the proxy statement.

By Order of the Board of Directors

WARREN L. TROUPE  
Senior Executive Vice President  
and Corporate Secretary

Important Notice Regarding the Availability of Proxy Materials for UDR, Inc.'s Annual Meeting of Stockholders to be held on May 21, 2015. This Notice of Annual Meeting and Proxy Statement and UDR, Inc.'s Annual Report/Form 10-K for the year ended December 31, 2014 are available on the Internet at the following website:  
[www.proxyvote.com](http://www.proxyvote.com).

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## PROXY SUMMARY

The following is a summary which highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information you should consider, and you are urged to read the entire proxy statement carefully before voting.

## Information About Our 2015 Annual Meeting Of Stockholders

DATE AND TIME: Thursday, May 21, 2015 at 10:00 a.m. local time

PLACE: Hotel Teatro, 1100 14th Street, Denver, CO 80202

RECORD DATE: Monday, March 23, 2015

## Voting Matters And Vote Recommendations

Proposal		Board Vote Recommendation	Page Number
Proposal No. 1	To elect eight directors to serve until the next annual meeting of stockholders or until their successors are elected and qualified	ü FOR each Director Nominee	1
Proposal No. 2	Ratification of the appointment of Ernst & Young LLP to serve as independent registered public accounting firm for the year ending December 31, 2015	ü FOR	52
Proposal No. 3	Advisory vote to approve the compensation of our named executive officers as disclosed in this proxy statement	ü FOR	53

## Our Director Nominees (Page 1)

Name	Age	Director Since	Independent	AC	CC	GC	EC
Katherine A. Cattanach	70	2006	Yes				
Robert P. Freeman	69	1998	Yes	C			
Jon A. Grove	70	1998	Yes		C		
James D. Klingbeil <sup>(1)</sup>	79	1998	Yes			C	C
Robert A. McNamara	60	2014	Yes				
Mark R. Patterson	54	2014	Yes				
Lynne B. Sagalyn <sup>(2)</sup>	67	1996	Yes				
Thomas W. Toomey <sup>(3)</sup>	54	2001	No				

(1) Chairman of the Board and ex-officio member of the Audit and Risk Management Committee and Compensation and Management Development Committee

(2) Vice Chair of the Board

(3) Chief Executive Officer, President and Director

KEY: AC = Audit and Risk Management Committee CC = Compensation and Management Development Committee GC = Governance Committee EC = Executive Committee = Member C = Chair

## Information About Our Board And Committees Before the Annual Meeting (Page 14)

	Number of Members	Independent	Number of Meetings During 2014
Full Board of Directors	9	90.0%	7
Audit and Risk Management Committee	4	100.0%	9
Compensation and Management Development Committee	4	100.0%	6
Governance Committee	8	100.0%	4
Executive Committee	3	66.7%	0

## Our Corporate Governance (Page 9)

Size of the Board of Directors after the Annual Meeting	8
Number of Independent Directors after the Annual Meeting	7
Audit, Compensation and Governance Committees Consist Entirely of Independent Directors	Yes
Separate Chairman of the Board and Chief Executive Officer	Yes
Annual Election of All Directors	Yes
Annual Advisory Approval of Named Executive Officer Compensation	Yes
All Directors Attended at Least 75% of Meetings Held	Yes
Independent Directors Meet Regularly in Executive Session	Yes
Annual Board and Committee Self-Evaluations	Yes
Code of Business Conduct and Ethics, and Code of Ethics for Senior Financial Officers	Yes
Stock Ownership Guidelines for Executive Officers and Directors	Yes
Prohibition on Hedging Transactions	Yes
Pledging Transactions Prohibited Without Prior Approval	Yes
Policy on Recoupment of Performance-Based Incentives	Yes
Stockholder Rights Plan (Poison Pill)	No

## Independent Registered Public Accounting Firm (Page 52)

Ernst & Young LLP, independent registered public accounting firm, served as our auditors for fiscal 2014. Our Audit Committee has selected Ernst & Young LLP to audit our financial statements for fiscal 2015. Although it is not required to do so, the board is submitting the Audit Committee's selection of our independent registered public accounting firm for ratification by the stockholders at the annual meeting in order to ascertain the view of our stockholders regarding such selection. Below is summary information about Ernst & Young's fees for services during fiscal years 2014 and 2013:

Description of Services	2014	2013
Audit Fees	\$1,387,500	\$1,270,000
Audit-Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
<b>TOTAL</b>	<b>\$1,387,500</b>	<b>\$1,270,000</b>

## Executive Compensation Matters (Page 22)

We are requesting your non-binding vote to approve the compensation of our named executive officers as described on pages 22 through 49 of this proxy statement. The goals for our executive compensation

program are to (i) attract, retain and motivate effective executive officers, (ii) align the interests of our executive officers with the interests of the Company and our stockholders, (iii) incentivize our executive officers based on clearly defined performance goals and measures of successful achievement, and (iv) align market competitive compensation with our short-term and long-term performance.

Our Compensation and Management Development Committee, which we refer to as the “Compensation Committee,” determines the form and amount of compensation, as well as the overall structure of our executive compensation program. The Compensation Committee has the sole authority to retain and terminate any compensation consultants to be used to assist in establishing compensation for our executive officers and to approve such consultants’ fees and other retention terms. The Compensation Committee has engaged FPL Advisory Group as its independent compensation consultant.

The compensation of our “named executive officers,” who are identified in “Executive Compensation,” is comprised of a mix of base salary, short-term incentive compensation and long-term incentive compensation, and is determined based on the consideration of a number of factors described in more detail “Executive Compensation - Compensation Discussion and Analysis.” Under our executive compensation program, as an executive officer’s level of responsibility increases with his or her relative ability to impact the long-term performance of the Company as a whole, a greater portion of that executive officer’s compensation is based on performance-based incentive compensation, and less is based on base salary, thereby creating the potential for greater variability in the executive officer’s compensation level from year to year. The mix, level and structure of the components of compensation generally reflect the executive officer’s role and relative impact on business results, as well as competitive market practices.

Our compensation policies and programs are built upon the strong foundation of corporate governance and compensation best practices, including:

**WE DO:**

ü Provide a significant portion of our named executive officers’ total compensation in the form of awards tied to our long-term strategy and our performance relative to key business and personal objectives and performance versus our peers.

ü Require compliance with our Executive Stock Ownership Guidelines, which require that our executive officers own a specified number of shares of the Company’s common stock.

ü Have a Policy on Recoupment of Performance-Based Incentives, which applies to our executive officers, including our named executive officers, and their performance-based incentive compensation.

ü Have a Compensation Committee comprised entirely of independent directors and the Compensation Committee has retained its own independent compensation advisor.

ü Have a Compensation Committee that reviews external market considerations, as well as internal considerations and the long-term interests of our stockholders, when making compensation decisions.

ü

**WE DO NOT:**

X Have any employment agreements with our named executive officers.

X Permit any Company personnel, including our named executive officers, to engage in any short-term, speculative securities transactions, engage in short sales, buying or selling put or call options, trading in options (other than those granted by the Company) and engaging in hedging transactions.

X Permit purchasing securities on margin or pledging securities as collateral without prior approval.

X Provide tax gross-ups for our named executive officers.

X Grant only time-vested restricted stock or options to our named executive officers, other than in limited circumstances such as the appointment of a new executive officer.

X



Have the ongoing consideration and oversight by the Compensation Committee with respect to any potential risks associated with our incentive compensation programs.

Time the grants of stock options, restricted stock and other equity awards to coordinate with the release of material non-public information, or time the release of material non-public information for the purpose of affecting the value of any named executive officer compensation.

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The key components of our named executive officers' compensation are described in more detail in the following table:

Compensation Component	Objectives Associated with the Compensation Component
Base Salary	<ul style="list-style-type: none"> <li>• Designed to reward individual effort associated with job-related duties and to attract and retain talented executive officers for our Company.</li> </ul>
Short-Term Incentive Compensation	<p>Designed to encourage outstanding individual and Company performance by motivating the named executive officers to achieve short-term Company and individual goals by</p> <ul style="list-style-type: none"> <li>• rewarding performance measured against key annual strategic objectives and, for the CEO, using the independent directors' evaluation of his performance towards achieving short-term goals.</li> </ul>
Long-Term Incentive Compensation	<ul style="list-style-type: none"> <li>• Our long-term incentive compensation is designed to foster significant ownership of our common stock by our executive officers, to align the interests of our executive officers with the creation of stockholder value and to motivate our executive officers to achieve long-term growth and success for our Company.</li> </ul>

Our stockholders have consistently supported our executive compensation program. At our 2014 Annual Meeting of Stockholders, over 95% of the votes cast were voted in favor of our resolution seeking advisory approval of our executive compensation. Over the last three years, stockholder support for our advisory vote on executive compensation has averaged 95%. While we have consistently had strong stockholder support for our executive compensation program, we do continue to engage in a dialogue with stockholders on executive compensation issues. We will continue to consider the outcome of future advisory votes on executive compensation when establishing the Company's compensation programs and policies and making compensation decisions regarding our named executive officers.

#### Significant Changes to 2015 Compensation

The Compensation Committee seeks to refine our executive compensation program in order to ensure that our compensation goals are being met and that our compensation programs remain competitive. For 2015, the Compensation Committee has made several significant changes to the executive compensation program to further increase the alignment between the interests of our named executive officers, including our CEO, and our stockholders. These changes, effective for 2015 compensation, are as follows:

Compensation Element	Changes in 2015 Compensation
CEO Short-Term Incentive Compensation	<p>For the purpose of determining the CEO's short-term incentive compensation amount, realigned the relative weighting of the CEO's performance based on quantifiable annual performance metrics and his performance based on individual performance factors from 50/50 in 2014 to 70/30 in 2015, thereby placing greater emphasis on the achievement of quantifiable performance metrics.</p>
Rebalanced CEO Target Compensation Mix	<p>In order to further enhance alignment with long-term stockholder returns, rebalanced the CEO's target compensation mix to place an even greater emphasis on long-term compensation in the form of performance-based restricted stock units awarded under the</p> <ul style="list-style-type: none"> <li>• 2015 Long-Term Incentive Program discussed below ("2015 LTI Program"), as well as reduced the 2015 target annual cash incentive opportunity from 200% of salary to 150% of salary, which better aligns our pay system with our compensation philosophy and that of our newly designed program.</li> </ul>
Named Executive Officer Long-Term Incentive Compensation	<ul style="list-style-type: none"> <li>• Implemented the 2015 LTI Program, for which the outcome is more heavily weighted toward relative total shareholder return, increasing the weighting for this component from 50% in the 2014 Long-Term Incentive Program ("2014 LTI Program") to 67% in the 2015 LTI Program.</li> </ul>

- Incorporated a multiple-year performance metric into the 2015 LTI Program, so that the relative Total Shareholder Return component will be measured over a three-year performance period, which is significantly longer than the one-year performance period incorporated into the 2014 LTI Program.

Our Use of Abbreviations: We use a number of abbreviations in this proxy statement. We refer to UDR, Inc. as “UDR,” “the Company,” “we,” “us” or “our” and to our board of directors as “board.” The term “proxy materials” includes this proxy statement, as well as the enclosed proxy card. References to “fiscal 2014” and “fiscal 2015” mean our 2014 fiscal year which began on January 1, 2014 and ended on December 31, 2014, and our 2015 fiscal year which began on January 1, 2015 and will end on December 31, 2015, respectively. We refer to the Audit and Risk Management Committee as the “Audit Committee” and we refer to the Compensation and Management Development Committee as the “Compensation Committee.” We refer to the U.S. Securities and Exchange Commission as the “SEC” and we refer to the New York Stock Exchange as the “NYSE.” Our 2015 Annual Meeting of Stockholders to be held on May 21, 2015 is simply referred to as the “meeting” or the “annual meeting.”

## PROPOSAL NO. 1 ELECTION OF DIRECTORS

The eight individuals listed below, each of whom is currently a member of the board, have been nominated for election to the board at the 2015 annual meeting of stockholders. If any of the nominees is unable or declines to serve as a director at the time of the meeting, the proxies will be voted for any nominee who is designated by the present board to fill the vacancy. It is not expected that any nominee will be unable or will decline to serve as a director. The directors elected will hold their respective offices until the next annual meeting of stockholders or until their successors are elected and qualified.

Each nominee brings a strong and unique background and set of skills to our board, giving the board as a whole competence and experience in a wide variety of areas, including corporate governance and board service, executive management, corporate finance and financial markets, real estate investment and the real estate industry and civic leadership. For each of our director nominees, set forth below are the specific experience, qualifications, attributes or skills that led the board to conclude that the person should serve as a director for the Company. There is no family relationship between any of our directors or executive officers.

Katherine A. Cattanach, Ph.D.

### High Level of Financial Literacy

Has a strong background in both business and academia, and her expertise in investments and finance is recognized nationally and internationally. Has a Ph.D. in Finance and has served on the faculty of the College of Business at the University of Denver and as an Associate Professor of Finance at the University of Denver's Graduate School of Business.

### Relevant Chief Executive Officer/BOD Experience

Has served as a member of several corporate boards and board committees and on several partnership advisory boards. Has executive management experience, having served as Founder and Chief Executive Officer of Sovereign Financial Services, Inc. and as Executive Vice President of Captiva Corporation.

### Other

Extensive civic leadership, including the Colorado Commission on Higher Education, the Governing Board for the Colorado State University System, the Foundation for Metropolitan State College, the Board of Trustees for the Colorado Chapter of the Nature Conservancy and the Board of Trustees for the Yellowstone Association.

Robert P. Freeman

**High Level of Financial Literacy**

Managing Director of Lazard Frères & Co. LLC, a private investment bank, and President of Lazard Frères Real Estate Investors, L.L.C., a real estate investment company, from 1992 to 1999.

**Relevant Chief Executive Officer/BOD Experience**

Has served as Senior Managing Director and Principal of Greyfields Investors LLC, a real estate private equity company, since 2007.

**Extensive Real Estate Experience**

Has been active in real estate related investment, management and development since the 1970s. Currently he is a principal of a real estate private equity company that invests in, restructures and redevelops inefficient real estate and provides turnaround services and capital markets advice, and he founded a privately held real estate merchant bank that sources, structures and invests in real estate assets and securities.

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Jon A. Grove

**Extensive Real Estate Experience**

From 1987 to 1998, he served as the Chairman, President and Chief Executive Officer of a publicly traded real estate investment trust that owned and operated apartment communities.

**Relevant Chief Executive Officer/BOD Experience**

From 1987 to 1998, he served as the Chairman, President and Chief Executive Officer of a publicly traded real estate investment trust that owned and operated apartment communities.

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James D. Klingbeil

**Extensive Real Estate Experience**

Mr. Klingbeil has been active in nearly every aspect of real estate investment, development and management for over 50 years, with a special focus on building, acquiring, managing and/or selling multifamily communities.

**Relevant Chief Executive Officer/BOD Experience**

He was Chairman and Chief Executive Officer of American Apartment Communities II, which had a value of \$800 million when we acquired it in December 1998, and he has demonstrated exceptional leadership abilities as a member of our board since that acquisition.

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Robert A. McNamara

**Extensive Real Estate Experience**

Mr. McNamara is an accomplished senior executive with significant expertise in construction, development and real estate investment.

**Relevant Chief Executive Officer/BOD Experience**

Chief Executive Officer Americas of the Lend Lease Corporation (ASX), an international property and infrastructure firm, from 2010 to August 2014. Prior to this position, Mr. McNamara served as Chairman and Chief Executive Officer of Penhall/LVI International, an environmental remediation, concrete services and infrastructure repair firm, from 2006 to 2010.

**Broad Construction/Development Experience**

He brings to the board over 35 years of experience managing global businesses in the development, design and delivery of projects in the government, institutional, infrastructure and industrial sectors in senior management positions.

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Mark R. Patterson

**High Level of Financial Literacy**

Mr. Patterson has a strong background in real estate finance and investment banking. As Managing Director and Head of Real Estate Global Principal Investments, Mr. Patterson oversaw both direct investments as well as debt and equity investments for Merrill Lynch and its public and private clients.

**Relevant Chief Executive Officer/BOD Experience**

Mr. Patterson has served as a member of the board of directors of Boomerang Systems, Inc., a manufacturer of fully automated, robotic parking systems, since September 2010. Mr. Patterson was also the Chief Executive Officer of Boomerang Systems, Inc. from September 2010 to January 2015. Mr. Patterson serves on the board of directors and is a member of the audit committee and nominating and corporate governance committee of General Growth Properties (NYSE), a REIT focused on regional malls.

**Extensive Real Estate Experience**

Until January 2009, Mr. Patterson was a Managing Director and the Head of Real Estate Global Principal Investments at Merrill Lynch, where he oversaw the real estate principal investing activities of Merrill Lynch.

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Lynne B. Sagalyn, Ph.D.

**High Level of Financial Literacy**

Dr. Sagalyn has a strong background in business and academia. She is a specialist in real estate finance and urban development and is widely known as an expert in real estate equity securities and public development finance. Her research and writings on real estate investment, securitization, urban development and public policy have been published in both academic and professional journals. Dr. Sagalyn is the author of *Times Square Roulette: Remaking the City Icon* (MIT Press, 2001), an analysis of the politics, policy and economics of one of the city's largest and longest redevelopment initiatives; *Cases in Real Estate Finance and Investment Strategy* (ULI, 2000); and co-author of *Downtown, Inc.: How America Rebuilds Cities* (MIT Press, 1989), as well as numerous articles for academic and professional publications. She is currently writing a book on the rebuilding of the World Trade Center with grant support from the Russell Sage Foundation.

**Relevant Chief Executive Officer/BOD Experience**

Dr. Sagalyn is a director and Chair of the audit committee of Blackstone Mortgage Trust, Inc. (NYSE), a public real estate investment trust that specializes in real estate lending.

**Other**

Dr. Sagalyn also serves on the audit committee of New York City Planned Parenthood and on the board of the Skyscraper Museum. In addition, she has also served on the New York City Board of Education Chancellor's Commission on the Capital Plan, and the Advisory Board of Goldman Family Enterprises. She also serves on the board of directors of the Regional Plan Association of New York, an independent not-for-profit regional planning organization.

Thomas W. Toomey

**Extensive Real Estate Experience**

Chief Executive Officer of UDR. Prior to heading UDR, Mr. Toomey held various senior positions, including Chief Operating Officer and Chief Financial Officer, with AIMCO (NYSE), a multifamily REIT peer. At AIMCO, Mr. Toomey was instrumental in transforming the company into the largest apartment owner in the U.S., growing its portfolio ten-fold over his tenure. Prior to AIMCO, Mr. Toomey served as a Senior Vice President with Lincoln Property Company, a multifaceted, national real estate firm, for five years.

**Relevant Chief Executive Officer/BOD Experience**

Chief Executive Officer of UDR. Mr. Toomey serves on the board of directors and is a member of the audit committee of The Ryland Group, Inc. (NYSE), a home builder, since December 2013.

**Other**

As a leader in the real estate industry, Mr. Toomey is a member of the Board of Governors of the National Association of Real Estate Investment Trusts (NAREIT), is a member of the Executive Committee of the National Multi Housing Council (NMHC), is a member of The Real Estate Roundtable, is a Trustee and Governor of the Urban Land Institute (ULI), serves on the National Geographic International Council of Advisors, and is a former Trustee of the Oregon State University Foundation.

**Vote Required and Board of Directors' Recommendation**

The affirmative vote of a plurality of the votes cast is required for the election of a director, which means that the eight nominees receiving the highest number of affirmative votes cast at the meeting shall be elected as directors.

ü Our board recommends that the stockholders vote "FOR" the director nominees listed above.

## CORPORATE GOVERNANCE MATTERS

### Corporate Governance Overview

We believe that effective and transparent corporate governance is critical to our long-term success and our ability to create value for our stockholders. We frequently review our corporate governance policies, monitor emerging developments in corporate governance and enhance our policies and procedures when our board determines that it would benefit our Company and our stockholders to do so.

We maintain a corporate governance page on our website that includes key information about UDR's corporate governance, including our:

- Statement on Corporate Governance;
- Code of Business Conduct and Ethics;
- Code of Ethics for Senior Financial Officers;
- Related Person Transactions Policy;
- Charter of the Audit Committee;
- Charter of the Compensation Committee; and
- Charter of the Governance Committee.

All of these documents can be found by accessing the "Investor Relations" page on [www.udr.com](http://www.udr.com) and then clicking on "Corporate Governance." The documents noted above will also be provided without charge to any stockholder who requests them. Any changes to these documents, and any waivers granted by us with respect to our Code of Business Conduct and Ethics and our Code of Ethics for Senior Financial Officers, will be posted on our website.

We also monitor our corporate governance policies and practices to maintain compliance with the provisions of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), rules of the SEC and the corporate governance rules of the NYSE. Our policies and practices meet, and in many cases exceed, the listing requirements of the NYSE, applicable SEC rules and the corporate governance requirements of the Sarbanes-Oxley Act and the Dodd-Frank Act, including:

- The board has adopted clear corporate governance policies;
- Eight of our nine board members prior to the annual meeting, and seven of our eight board members after the annual meeting, are independent directors as defined by the NYSE;
- The independent directors meet regularly without the presence of management;
- All members of the Audit Committee, Compensation Committee and Governance Committee are independent directors;
- The Chairman and the Vice-Chairman of the Board are independent directors;
- The charters of the board committees clearly establish their respective roles and responsibilities;
- The board has adopted a Code of Business Conduct and Ethics that applies to all of our directors, officers and employees;

• We have a Code of Ethics for Senior Financial Officers that applies to our senior financial officers; and  
• We have a hotline with a 1-800 number and a third-party anonymous reporting system at [www.mysafeworkplace.com](http://www.mysafeworkplace.com) available to all employees, and our Audit Committee has procedures in place for the anonymous submission of any employee complaint, including those relating to accounting, internal controls or auditing matters. Instructions for making a report are published in the Corporate Governance subsection of the Investor Relations section of the Company's website at [www.udr.com](http://www.udr.com).

#### Our Commitment to Stockholder Engagement

In 2014, we again demonstrated our commitment to stockholder engagement, communication and transparency. During the year, representatives of the Company met with holders of more than a majority of the total number of shares of Common Stock outstanding.

#### Identification and Selection of Nominees for Directors

The Governance Committee serves as our nominating committee. Our Governance Committee works closely with our Chief Executive Officer ("CEO") and the Chairman of the Board (who currently serves as Chairman of the Governance Committee) in recommending to the board criteria for open board positions, taking into account such factors as the Governance Committee deems important, including, among others, the current composition of the board, the range of talents, experiences, expertise and skills that would complement those already represented on the board and those that would help achieve the Company's goals. In evaluating a nominee, the board, acting through our Governance Committee, will consider, among other things, whether a potential director nominee has the time available, in light of other business and personal commitments, to perform the responsibilities required for effective service on the board. The Governance Committee considers candidates that are suggested by members of the board, as well as management, our stockholders and any director search firm retained by the board or the Governance Committee, using the same criteria to evaluate all candidates.

The board believes its effectiveness is enhanced by being comprised of individuals with diverse backgrounds, skills and experience that are relevant to the role of the board and the needs of our business. Accordingly, the board, through the Governance Committee and in consultation with our CEO, will regularly review the changing needs of the business and the skills and experience resident in its members, with the intention that the board will be periodically "renewed" as certain directors rotate off and new directors are recruited. The board's commitment to diversity and renewal will be tempered by the need to balance change with continuity and experience. The board believes that its commitment in this regard has been effective in establishing a board that consists of members with diverse backgrounds, skills and experience that are relevant to the role of the board and the needs of the business, and the board will continue to monitor the effectiveness of these efforts as part of its periodic self-assessment process. Once a potential director nominee has been identified, the Governance Committee, in consultation with the Chairman of the Board and our CEO, will evaluate the prospective nominee against the specific criteria that has been established, as well as the standards and qualifications contained in our Statement on Corporate Governance. If it is determined based upon a preliminary review that a candidate warrants further consideration, members of the board, as appropriate, will interview the prospective nominee. After completing this evaluation and interview process, the board makes the final determination as to whether to nominate or appoint the new director.

In addition to any other applicable requirements, Section 2.11 of our Amended and Restated Bylaws (as amended on May 12, 2011) sets forth the procedures and requirements relating to nominations of directors by stockholders. Any stockholder who wishes to recommend a prospective nominee for consideration at

our 2016 annual meeting of stockholders must submit specified information, including the following, no sooner than November 10, 2015 and no later than December 10, 2015:

- Biographical information about the candidate, including the name, age, business address and residence address of the person;
- The principal occupation or employment of the candidate, as well as the candidate's previous and/or current memberships on all public company boards of directors;
- The class and number of shares of our stock beneficially owned by the candidate, the date such shares were acquired and the investment intent of such acquisition;
- Information concerning bankruptcy filings, criminal convictions, and certain civil actions by the SEC or other regulatory agencies involving the candidate or his or her affiliates;
- Information regarding any agreements, understandings or arrangements between the candidate and any other person or persons with respect to the candidate's nomination or our capital stock or business;
- Any other information required to be disclosed about the candidate under the SEC's proxy rules (including the candidate's written consent to being named in the proxy statement and to serve as a director, if nominated and elected);
- The names and addresses of the stockholder(s) recommending the candidate for consideration and the class and number of shares of our stock beneficially owned by each, as well as certain information regarding hedge transactions, derivative instruments and other arrangements entered into by such stockholder(s) and certain related persons; and
- Information regarding compensation and other material relationships between or among the nominating stockholder(s), certain related persons, and the proposed candidate.

Each proposed candidate also must submit a written questionnaire, representation and agreement specifically addressing agreements, arrangements or understandings that the candidate has with certain other persons, including with respect to voting commitments and compensation, as well as a representation and agreement to comply with our applicable policies, codes and guidelines. Such information should be sent to the attention of our Corporate Secretary at 1745 Shea Center Drive, Suite 200, Highlands Ranch, Colorado 80129-1540.

#### Director Rotation and Retirement

Directors are elected annually to serve for a term until the next annual meeting of stockholders or until their successors are elected and qualified. The board does not impose arbitrary limits on the number of terms a director may serve. However, the Governance Committee will consider various criteria, including a director's contribution to the board, in determining whether or not to recommend a director for re-election. Employee directors are required to resign as a director after ceasing to be an employee, unless the board asks them to continue to serve. The Chairman will refer the resignation to the Governance Committee for review. The board will decide, in light of the circumstances and the recommendation of the Governance Committee, the date at which the resignation will become effective. A vacancy created by a director's retirement may be filled by a majority of the remaining directors in accordance with our bylaws. A director so appointed to fill the vacancy will stand for re-election at the first annual meeting of stockholders following that director's appointment to the board if recommended for re-election by the Governance Committee. In addition, the Company requires that directors tender their resignation when they change employment or other significant organizational affiliations. The board then decides, in light of the circumstances and the recommendation of the Governance Committee, whether to accept such resignation.

## Director Independence

The board's policy is that a significant majority of its members should be independent directors (see our Statement on Corporate Governance, which is available on our website at [www.udr.com](http://www.udr.com)). Each year the board affirmatively determines whether each director has any material relationship with the Company (directly, or as a partner, stockholder or officer of an organization that has such a relationship with the Company), as defined under the NYSE listing standards and the Company's director independence standards. The board has determined that all directors who served in 2014, and the directors who are standing for election at the annual meeting, are independent under both sets of standards, except Mr. Toomey, who is not independent because he is the Company's Chief Executive Officer and President. Additional information about each of the directors standing for election is set forth under Proposal No. 1 in this proxy statement. In making these independence determinations, the board considered information submitted by the directors in response to directors' questionnaires and information obtained from the Company's internal records.

## Director Responsibilities and Obligations

Our directors have specific responsibilities and obligations arising from their service on the board and the Committees of the board, as described in the table below:

Responsibilities of the Board of Directors:	In addition to each director's basic duties of care and loyalty, the board has separate and specific obligations under our Statement on Corporate Governance. Among other things, these obligations require directors to effectively monitor management's capabilities, compensation, risk oversight, leadership and performance, without undermining management's ability to successfully operate the business. In addition, the board and the board's committees have the authority to retain outside legal, accounting or other advisors, as necessary, to carry out their responsibilities. All directors are expected to be knowledgeable about the Company and its industry and to understand their duties and responsibilities as directors. The Company recognizes the importance of continuing education for directors and is committed to supporting continuing director education in order to enhance board and committee performance. We conduct periodic continuing education for directors and, at a director's request, we will arrange for the director's participation in cost-effective continuing education programs offered by third parties that are relevant to the director's role as a board and committee member. All of our independent directors are expected to participate in orientation programs upon the recommendation of our Governance Committee. In addition, orientation sessions are conducted by senior management to familiarize directors with the Company's strategic plans, significant financial, accounting and risk management issues, our compliance programs, our Code of Business Conduct and Ethics, and our principal officers, internal and external auditors.
Director Education:	
Director Evaluations:	The board, acting through the Governance Committee, annually evaluates the effectiveness of the board collectively and of board members individually, and the performance of each standing board committee. The Governance Committee determines the appropriate means for this evaluation.
Committee Evaluations:	Each committee of the board annually evaluates the effectiveness and performance of each respective committee collectively and of the members of each respective committee individually.
Directors' Share Ownership Guidelines:	Our Statement on Corporate Governance provides that each director is expected to develop a meaningful equity stake in our Company over time and that after the fifth anniversary of election to the board, each director is required to own shares of the Company's common stock equivalent to not less than 5 times their respective annual

cash retainer. Each of our directors is in compliance with our share ownership guidelines.

Board Attendance at  
Annual Meeting:

The board has adopted the following policy on director attendance at meetings: Absent extenuating circumstances, directors are expected to attend in person our annual meeting of stockholders, all regularly scheduled board and committee meetings and to participate telephonically in regularly scheduled board and committee meetings when they are unable to attend in person. All of our directors attended our 2014 annual meeting of stockholders.



## Board Leadership Structure and Committees

The leadership structure of the board and information regarding the Audit, Compensation and Governance Committees is provided in the following table:

	<p>We separate the roles of the Chairman of the Board and Chief Executive Officer in recognition of the differences between the two roles. The Chief Executive Officer is responsible for setting the strategic direction for the Company and the day to day leadership and performance of the Company, while the Chairman of the Board provides guidance to the Chief Executive Officer, sets the agenda for the board meetings and presides over meetings of the board. The board believes that the Chief Executive Officer offers the Company-specific expertise and extensive industry knowledge that is necessary as we seek to strengthen the quality of our portfolio, grow our cash flow to support dividend growth, increase our balance sheet strength and flexibility and maintain a great place to work and live, while our Chairman of the Board is able at the same time to lead the board's efforts in oversight of the Company and its management.</p>
Board Leadership Structure:	<p>As stated in our Statement on Corporate Governance, the board will exercise its discretion in combining or separating the offices of Chairman of the Board and Chief Executive Officer. The determination will be based on the board's judgment of the best interests of the Company from time to time. If the offices of Chairman of the Board and Chief Executive Officer are combined, or if the Chairman does not qualify as an independent director, the board will designate a Lead Independent Director, who will chair the executive sessions of the board and have such other duties as the board deems appropriate. The name of the Lead Independent Director will be disclosed in our annual proxy statement. The board's administration of its risk oversight function has not affected the board's leadership structure.</p>
Independence of the Audit, Compensation and Governance Committees:	<p>The Audit, Compensation and Governance Committees consist entirely of independent directors, as defined in the NYSE listing standards and the Company's director independence standards. Each member of the Audit Committee and the Compensation Committee also satisfies the additional independence requirements set forth in rules under the Securities Exchange Act of 1934 and the NYSE listing standards.</p>
Audit Committee Financial Expert:	<p>Each member of the Audit Committee is financially literate, and the board has determined that each member of the Audit Committee is an "audit committee financial expert" within the meaning of the SEC's regulations.</p>
Executive Sessions of Independent Directors:	<p>Our independent directors hold regularly scheduled executive sessions at which our independent directors meet without the presence of management. These executive sessions generally occur around regularly scheduled meetings of the board. The Chairman of the Board, or the Vice Chair in the Chairman's absence, presides as chairman of these executive sessions. Both the Chairman of the Board and the Vice Chair are independent directors.</p>
Compensation Committee Interlocks and Insider Participation:	<p>The members of the Compensation Committee in fiscal 2014 were Katherine A. Cattanach, Eric J. Foss, Jon A. Grove (Chairman) and Lynne B. Sagalyn. None of the members of the Compensation Committee during fiscal 2014, or as of the date of this proxy statement, is a former or current officer or employee of the Company or has any interlocking relationships as set forth in applicable SEC rules. In addition, during 2014 and through the date of this</p>

proxy statement, none of our executive officers has served as a member of the board or compensation committee of any other entity that has one or more executive officers serving as a member of our board or Compensation Committee.

#### Role of Compensation Committee and Compensation Consultants

Our Compensation Committee is responsible for developing and administering compensation programs for (1) our directors, (2) our executive officers, including base salaries and short-term and long-term incentive compensation plans, and (3) long-term incentive compensation plans for all of our associates. The members of the Compensation Committee meet each year in executive session, without the CEO present, to evaluate the performance of our CEO. Our CEO makes recommendations to, and consults with, the Compensation Committee with respect to the compensation for the executive officers who report directly to our CEO.

The Compensation Committee has the sole authority to retain and terminate any compensation consultants to be used to assist in establishing compensation for our executive officers and to approve such consultants' fees and other retention terms. The Compensation Committee engaged FPL Advisory Group, or "FPL," as its compensation consultant.

FPL reports directly to the Compensation Committee, and the Compensation Committee is free to replace FPL or to hire additional consultants from time to time. FPL does not have any conflict of interest with the Company, the members of the Compensation Committee or our executive officers. For more information regarding the Compensation Committee's compensation consultants, see "Executive Compensation - Compensation Discussion and Analysis - Compensation Consultants."

#### Board of Directors and Committee Meetings

The board held seven meetings during fiscal 2014, including two meetings that were held by teleconference. No director attended fewer than 75% of the aggregate of (1) the total number of meetings of the board, and (2) the total number of meetings held by all committees of the board on which he or she served during fiscal 2014. The board has standing Audit, Compensation, Governance and Executive Committees to assist it in discharging its duties.

Information regarding each committee is set forth below:

Committee	Members on 12/31/2014 <sup>(1)</sup>	Key Functions	Number of Meetings in 2014
Audit	Robert P. Freeman <sup>(2)</sup> Katherine A. Cattanach Robert A. McNamara Mark R. Patterson	<ul style="list-style-type: none"> <li>Assists the board in its general oversight of our accounting</li> <li>• financial reporting process, audits of our financial statements, internal controls and internal audit functions</li> <li>• Appointment, compensation and oversight of our independent auditors</li> <li>• Represents and assists the board in its oversight of:               <ul style="list-style-type: none"> <li>• the quality or integrity of our financial statements;</li> <li>• our compliance with legal and regulatory requirements; and</li> <li>• the performance of our internal audit department and independent auditors</li> </ul> </li> <li>• Discusses the adequacy and effectiveness of our internal controls over financial reporting</li> <li>• Oversees our compliance with procedures and processes pertaining to corporate ethics and standards of business conduct</li> <li>• Establishes procedures for the receipt, retention and treatment of complaints received concerning accounting, auditing, internal controls and financial reporting matters</li> <li>• Oversees risk management policies and risk assessment</li> <li>• Pre-approves all non-audit services to be provided to the Company by the independent auditors</li> </ul>	9
Compensation	Jon A. Grove <sup>(2)</sup> Katherine A. Cattanach Eric J. Foss <sup>(3)</sup> Lynne B. Sagalyn	<ul style="list-style-type: none"> <li>• Administers and approves general compensation policies applicable to our key executive officers</li> <li>• Reviews and approves compensation for the board and its committees</li> <li>• Reviews and ensures the appropriate administration of our compensation and benefit plans, programs and policies</li> <li>• Determines and approves the compensation of our CEO</li> <li>• Sets annual objectives for, and evaluates the performance of, our CEO, with input from the board</li> <li>• Reviews and recommends to the board short- and long-term compensation for the principal officers of the Company who report directly to our CEO</li> <li>• Approves all employment and severance agreements for senior vice presidents and above</li> </ul>	6

- Develops and administers the contributions and awards, if any, under the 401(k) and profit sharing plans and management incentive programs and other management compensation, if any, including the long-term incentive plan
- Appoint and provide oversight of independent compensation consultants

Committee	Members on 12/31/2014 <sup>(1)</sup>	Key Functions	Number of Meetings in 2014
Governance	James D. Klingbeil <sup>(2)</sup> Katherine A. Cattanach Eric J. Foss <sup>(3)</sup> Robert P. Freeman Jon A. Grove Robert A. McNamara Mark R. Patterson Lynne B. Sagalyn	<ul style="list-style-type: none"> <li>• Exercises general oversight of board governance matters</li> <li>• Reviews the size, role, composition and structure of our board and its committees</li> <li>• Reviews and evaluates the board and its members</li> <li>• Serves as the nominating committee for board members</li> <li>• Reviews and updates our Corporate Governance Policies</li> <li>• Considers, develops and makes recommendations to the board regarding matters related to corporate governance</li> <li>• Ensures that each committee conducts an annual assessment</li> </ul>	4
Executive	James D. Klingbeil <sup>(2)</sup> Lynne B. Sagalyn Thomas W. Toomey	<ul style="list-style-type: none"> <li>• Performs the duties and exercises the powers delegated to it by the board</li> <li>• Meets only when board action on a significant matter is required and it is impractical or not feasible to convene a full meeting of the board</li> </ul>	—

(1) Mark J. Sandler served on the Audit Committee and Governance Committee until his term as a director expired on May 22, 2014 at the 2014 annual meeting.

(2) Committee Chair.

(3) Mr. Foss's term as a director expires at the annual meeting. Mr. Foss served on the Compensation Committee and the Governance Committee during 2014.

The Chairman of the Board is an ex-officio member of the Audit and Compensation Committees with the right to attend any Audit and Compensation Committee meeting, and has the right to vote on matters before the Audit and Compensation Committees in the case of a tie vote. In the event that the Chair of the Governance Committee is not also the Chairman of the Board, the Chairman of the Board will be an ex-officio member of the Governance Committee with the right to attend any Governance Committee meeting, and shall have voting rights in the case of a tie vote.

### The Role of the Board in Risk Oversight

The board has oversight responsibility with respect to risk management and is not responsible for day-to-day management of risk which is the responsibility of senior management. The board's role in the Company's risk oversight process includes receiving regular reports from members of senior management on areas of material risk to the Company, including operational, financial, legal, strategic and reputational risks. The Audit Committee, established in accordance with the applicable provisions of the Securities Exchange Act of 1934, assists the board in fulfilling its oversight responsibility by performing the following:

- reviewing with management the Company's major financial exposures, including risk exposure to floating rate debt and the steps management has taken to monitor and control such exposures, including the Company's risk assessment process and risk management policies and net financial funding requirements, including financial flexibility, balance sheet maturities and financial ratios;

- reviewing and discussing with management, the internal auditors and the independent auditors, the Company's policies with respect to risk assessment and risk management, including operational risks such as cybersecurity risk; and

- establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.



### Communicating with the Board

Our board provides a process for stockholders and all other interested parties to send communications to the board. Any stockholder and all other interested parties who wish to communicate with the board or any specific director, including the Chairman, may write to:

UDR, Inc.  
Attn: Board of Directors  
1745 Shea Center Drive,  
Suite 200  
Highlands Ranch, Colorado 80129-1540

Depending on the subject matter of the communication, management will:

- forward the communication to the director or directors to whom it is addressed (matters addressed to the Chairman of the Board will be forwarded unopened directly to the Chairman);
- attempt to handle the inquiry directly where the communication does not appear to require direct attention by the board, or an individual member of the board, e.g., the communication is a request for information about the Company or is a stock-related matter; or
- not forward the communication if it is primarily commercial in nature or if it relates to an improper or irrelevant topic.

Stockholders and all other interested parties may submit concerns regarding accounting matters via the Company's third-party anonymous reporting system at [www.mysafeworkplace.com](http://www.mysafeworkplace.com) or by calling 1-800-461-9330. Instructions for making a report are published in the Corporate Governance subsection of the Investor Relations section of the Company's website at [www.udr.com](http://www.udr.com).

## COMPENSATION OF DIRECTORS

The following table provides information concerning the compensation of our directors for fiscal 2014.

## Director Compensation Table

Name (a)	Fees Earned or Paid in Cash (\$) (b)	Stock Awards (\$) (c) <sup>(1)(2)</sup>	Option Awards (\$) (d)	Non-Equity Incentive Plan Compensation (\$) (e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (f)	All Other Compensation (g) <sup>(3)</sup>	Total (\$) (h)
Katherine A. Cattanach	\$65,000	\$120,000	-0-	-0-	-0-	\$ 5,234	\$190,234
Eric J. Foss <sup>(4)</sup>	65,000	120,000	-0-	-0-	-0-	5,234	190,234
Robert P. Freeman <sup>(5)</sup>	72,500	120,000	-0-	-0-	-0-	8,397	200,897
Jon A. Grove	72,500	120,000	-0-	-0-	-0-	5,234	197,734
James D. Klingbeil <sup>(5)</sup>	100,000	210,000	-0-	-0-	-0-	13,522	323,522
Robert A. McNamara <sup>(6)</sup>	54,167	100,000	-0-	-0-	-0-	2,983	157,149
Mark R. Patterson	65,000	120,000	-0-	-0-	-0-	5,234	190,234
Lynne B. Sagalyn	65,000	120,000	-0-	-0-	-0-	5,234	190,234
Mark J. Sandler <sup>(7)</sup>	65,000	120,000	-0-	-0-	-0-	5,234	190,234
Thomas W. Toomey <sup>(8)</sup>	-0-	-0-	-0-	-0-	-0-	-0-	-0-

The dollar amount reflected in the “Stock Awards” column reflects the aggregate grant date fair value, computed in accordance with FASB ASC Topic 718, of a grant of 5,157 shares (9,024 shares for a non-employee Chairman of (1) the Board) of restricted common stock (priced at \$23.27 per share, which was the closing sales price of our common stock on January 2, 2014, the date of grant), which vested on the anniversary date of the grant, as discussed below under “Director Compensation Table Discussion .”

The following table sets forth the restricted stock awards and non-qualified stock option awards outstanding as of December 31, 2014 for each of our non-employee directors. Mr. Toomey’s holdings are set forth under the heading (2) “Executive Compensation” in this proxy statement. The restrictions relating to these awards are described in more detail below under the heading “Director Compensation Table Discussion - 2014 Director Compensation Program.”

Director	Restricted Stock Awards Outstanding*	Non-Qualified Stock Option Awards Outstanding
Katherine A. Cattanach	5,157	-0-
Eric J. Foss	5,157	-0-
Robert P. Freeman	8,273	-0-



Jon A. Grove	5,157	-0-
James D. Klingbeil	13,321	-0-
Robert A. McNamara	3,825	-0-
Mark R. Patterson	5,157	-0-
Lynne B. Sagalyn	5,157	-0-
Mark J. Sandler	5,157	-0-

Restricted stock awards that were granted on January 2, 2015 pursuant to our 2015 independent director \* compensation program are not included in this table but are discussed below under “Director Compensation Table Discussion - 2015 Director Compensation Program.”

- (3) The dollar amount in this column includes dividends on all outstanding stock awards.
- (4) Mr. Foss's term as a director expires at the annual meeting.
- (5) Messrs. Freeman and Klingbeil elected to receive their 2014 fees all in UDR stock rather than cash and stock.
- (6) Mr. McNamara was appointed to the Board on February 28, 2014, and therefore he received a pro rata portion of the compensation provided for in the 2014 Director Compensation Program.
- (7) Mr. Sandler's term as a director expired on May 22, 2014 at the 2014 annual meeting.

Mr. Toomey is our Chief Executive Officer and President. Because he is an employee of the Company, he receives (8) no additional compensation for service as a director of the Company. His total compensation for 2014 is set forth below under the heading “Executive Compensation.”

#### Director Compensation Table Discussion

Our compensation program for independent directors is designed to attract and retain highly qualified board members who can work with senior management to establish key strategic goals in support of long-term stockholder value creation. The program consists of a combination of a cash retainer fee and a grant of restricted stock. Total compensation was targeted at the median level of a diversified group of public REITs. The compensation program was set at competitive levels in recognition of the time commitments and responsibility levels associated with serving on public company boards within the current environment.

We review our independent director compensation annually to ensure that we are competitive and to allow us to recruit and retain qualified candidates to serve as directors of the Company.

#### 2014 Director Compensation Program

**Retainer.** For 2014, each non-employee director then serving on the Board received an annual retainer fee of \$65,000 (\$100,000 for a non-employee Chairman of the Board). The chairpersons of each of the Audit and Compensation Committees received an annual retainer fee of \$7,500. These fees were paid in January 2014.

**Stock Grant.** On January 2, 2014, each non-employee director then serving on the Board also received a grant of \$120,000 in value of shares of restricted stock (\$210,000 for the non-employee Chairman of the Board) priced at \$23.27 per share, which was the closing sales price of our common stock for January 2, 2014, the date of grant. The 5,157 shares of restricted stock (9,024 shares for the non-employee Chairman of the Board) vest on the anniversary of the date of grant. The non-employee directors receiving restricted stock are entitled to receive dividends during the vesting period; however, any unvested shares at the end of the one-year vesting period will be returned to us and cancelled.

Directors who are also employees of the Company receive no additional compensation for service as a director. All directors are reimbursed for expenses incurred in connection with attending a board meeting or committee meeting in accordance with our Director Expense Reimbursement Policy.

#### 2015 Director Compensation Program

**Retainer.** For 2015, each director will receive the same compensation as was paid under the 2014 Director Compensation Program. For 2015, each non-employee director then serving on the Board received an annual retainer fee of \$65,000 (\$100,000 for a non-employee Chairman of the Board). The chairpersons of each of the Audit and Compensation Committees received an annual retainer fee of \$7,500. These fees were paid in January 2015.

**Stock Grant.** On January 2, 2015, each non-employee director then serving on the Board also received a grant of \$120,000 in value of shares of restricted stock (\$210,000 for the non-employee Chairman of the Board) priced at \$31.37 per share, which was the closing sales price of our common stock for January 2, 2015, the date of grant. The 3,826 shares of restricted stock (6,694 shares for the non-employee Chairman of the Board) vest on the anniversary of the date of grant. The non-employee directors receiving restricted stock are entitled to receive dividends during the vesting period; however, any unvested shares at the end of the one-year vesting period will be returned to us and cancelled.

Directors who are also employees of the Company receive no additional compensation for service as a director. All directors are reimbursed for expenses incurred in connection with attending a board meeting or committee meeting in accordance with our Director Expense Reimbursement Policy.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth the shares of our common stock beneficially owned by (1) each of our directors, (2) the named executive officers, (3) all of our directors and executive officers as a group, and (4) all persons known by us to beneficially own more than 5% of our outstanding voting stock. We have determined the beneficial ownership shown on this table in accordance with the rules of the SEC. Under those rules, shares are considered beneficially owned if held by the person indicated, or if such person, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares the power to vote, to direct the voting of and/or to dispose of or to direct the disposition of such security. Except as otherwise indicated in the accompanying footnotes, beneficial ownership is shown as of March 23, 2015.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Shares for Which Beneficial Ownership can be Acquired Within 60 Days <sup>(2)</sup>	Shares for Which Beneficial Ownership can be Acquired upon Redemption of Partnership Interests <sup>(3)</sup>	Total Beneficial Ownership	
	Shares Beneficially Owned <sup>(1)</sup>	Shares for Which Beneficial Ownership can be Acquired Within 60 Days <sup>(2)</sup>			Number of Shares <sup>(2)(4)</sup>	Percent of Class <sup>(4)(5)</sup>
Thomas W. Toomey	1,330,729 <sup>(6)</sup>	1,868,423	—	—	3,199,152	1.23 %
James D. Klingbeil	166,303 <sup>(7)</sup>	—	—	2,237,282 <sup>(7)</sup>	2,403,585	*
Warren L. Troupe	610,046	366,540	—	—	976,586	*
Jon A. Grove	485,058	—	—	—	485,058	*
Jerry A. Davis	180,987	—	—	—	180,987	*
Harry G. Alcock	145,082	—	—	—	145,082	*
Thomas M. Herzog	104,588	—	—	—	104,588	*
Robert P. Freeman	93,404 <sup>(8)</sup>	—	—	—	93,404	*
Lynne B. Sagalyn	91,894 <sup>(9)</sup>	—	—	—	91,894	*
Eric J. Foss <sup>(10)</sup>	51,316	—	—	—	51,316	*
Katherine A. Cattanach	50,374	—	—	—	50,374	*
Mark R. Patterson	8,983	—	—	—	8,983	*
Robert A. McNamara	7,651	—	—	—	7,651	*
All directors and executive officers as a group (13 persons)	3,326,415	2,234,963	—	2,237,282	7,798,660	2.96 %
The Vanguard Group <sup>(11)</sup>	35,361,153	—	—	—	35,361,153	13.65 %
Vanguard Specialized Funds <sup>(12)</sup>	18,683,827	—	—	—	18,683,827	7.21 %

Cohen & Steers, Inc. <sup>(13)</sup>	33,781,346	—	—	33,781,346	13.04	%
BlackRock, Inc. <sup>(14)</sup>	26,849,000	—	—	26,849,000	10.37	%
CBRE Clarion Securities, LLC <sup>(15)</sup>	17,296,771	—	—	17,296,771	6.68	%
FMR LLC <sup>(16)</sup>	16,523,185	—	—	16,523,185	6.38	%
Daiwa Asset Management Co. Ltd <sup>(17)</sup>	13,266,692	—	—	13,266,692	5.12	%

\* Represents beneficial ownership of less than 1%, based on 258,981,548 shares of common stock outstanding as of March 23, 2015. On March 23, 2015, there were 2,803,812 shares of our Series E preferred stock and 2,464,183 shares of our Series F preferred stock outstanding.

In addition to the shares of common stock beneficially owned, Mr. Klingbeil is deemed to beneficially own (1) indirectly 2,237,282 shares of our Series F preferred stock held by certain trusts, limited partnerships, limited liability companies and other entities, or 90.70% of our outstanding Series F preferred stock.

(2) Assumes exercise in full of all options exercisable within 60 days of March 23, 2015.

(3) Includes the number of shares of common stock into which partnership units (“OP Units”) of United Dominion Realty, L.P., a Delaware limited partnership (“UDR LP”), beneficially owned by the person are redeemable if the Company elects to issue shares of common stock rather than pay cash on such redemption. The holder of the OP Units has the right to require UDR LP to redeem all or a portion of the OP Units held by the holder in exchange for a cash payment based on the market value of our common stock at the time of redemption.

However, UDR LP’s obligation to pay the cash amount is subject to the prior right of the Company to acquire such OP Units in exchange for either the cash amount or shares of our common stock.

(4) Such beneficial ownership calculations assume that all OP Units beneficially owned by the person indicated and outstanding as of March 23, 2015, are redeemed in exchange for shares of common stock (notwithstanding any holding period requirements or exchange rights). See Notes (3) and (7).

(5) Based on 258,981,548 shares of common stock outstanding at the close of business on March 23, 2015. Shares issuable pursuant to options which are exercisable within 60 days of March 23, 2015, or upon redemption of the OP Units, are deemed outstanding for computing the percentage of the person holding such options or shares, but are not deemed outstanding for computing the percentage of any other person.

(6) Includes 178,324 shares of common stock subject to a pledge by Mr. Toomey. Includes 110,000 shares of common stock indirectly held in a trust for Mr. Toomey’s children.

Mr. Klingbeil is deemed to indirectly beneficially own 909,236 shares of common stock into which OP Units directly owned by certain trusts, limited partnerships, limited liability companies and other entities are redeemable if the Company elects to issue shares of common stock rather than pay cash on such redemption.

- (7) Includes 575,000 OP Units and 17,663 shares of common stock owned directly by Mr. Klingbeil that were pledged as security for a line of credit, as well as 738,680 OP Units that are directly owned by certain trusts, limited partnerships, limited liability companies and other entities and were pledged as security for a line of credit.
- (8) Includes 52,529 shares of common stock pledged in a margin account.  
Includes 1,296 shares of common stock held by Dr. Sagalyn's husband and 540 shares of common stock owned in a trust for Dr. Sagalyn's daughter, which shares Dr. Sagalyn may be deemed the beneficial owner of as a result of her shared power to vote and dispose of such shares. Dr. Sagalyn disclaims any beneficial ownership interest in such shares.
- (9) Mr. Foss's term as a director expires at the annual meeting.  
Beneficial ownership is as of December 31, 2014, as reflected in a statement on Schedule 13G filed by The Vanguard Group Inc. ("Vanguard") with the SEC on February 10, 2015. Vanguard has its principal business office at 100 Vanguard Blvd., Malvern, Pennsylvania 19355. Vanguard has the sole power to dispose of 34,903,360 shares owned and the sole power to vote or direct the voting of 589,373 shares owned. Vanguard has shared power to dispose of 457,793 shares of common stock owned, and the shared power to vote or direct the voting of 206,975 shares owned. Vanguard Fiduciary Trust Company, a wholly owned subsidiary of Vanguard, is the beneficial owner of 148,793 shares as a result of its serving as investment manager of collective trust accounts. Vanguard Investments Australia, Ltd., a wholly owned subsidiary of Vanguard, is the beneficial owner of 749,580 shares as a result of serving as investment manager or Australian investment offerings.
- (10) Beneficial ownership is as of December 31, 2014, as reflected in the statement on Schedule 13G filed by Vanguard Specialized Funds - Vanguard REIT Index Fund ("Vanguard Specialized") with the SEC on February 6, 2015. Vanguard Specialized has its principal business office at 100 Vanguard Blvd., Malvern, Pennsylvania 19355. Vanguard Specialized has the sole power to vote or direct the voting of 18,683,827 shares of common stock owned.  
Beneficial ownership is as of December 31, 2014, as reflected in a statement on Schedule 13G filed by Cohen & Steers, Inc. ("C&S") with the SEC on February 17, 2015. According to such Schedule 13G, C&S, a parent holding company, reported that it has sole voting power with respect to 19,182,706 shares of common stock and sole dispositive power with respect to 33,781,346 shares of common stock. Cohen & Steers Capital Management, Inc. ("CSCA"), a wholly-owned subsidiary of C&S and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, reported that it has sole voting power with respect to 19,096,020 shares and sole dispositive power with respect to 33,525,634 shares. Cohen & Steers UK Limited reported that it has sole voting power with respect to 86,686 shares and sole dispositive power with respect to 255,712 shares. The address for each of C&S and CSCA is 280 Park Avenue, 10th Floor, New York, New York 10017. The address for Cohen & Steers UK Limited is 21 Sackville Street, 4th Floor, London, United Kingdom W1S 3DN.
- (11) Beneficial ownership is as of December 31, 2014, as reflected in a statement on Schedule 13G filed by BlackRock, Inc. ("BlackRock") with the SEC on January 9, 2015. BlackRock has its principal business office at 55 East 52nd Street, New York, New York 10022. BlackRock has the sole power to dispose of 26,849,000 shares of common stock owned and the sole power to vote or direct the voting of 25,674,066 shares owned. BlackRock is the beneficial owner as a result of being a parent company or control person of the following subsidiaries, each of which holds less than 5% of the outstanding shares of common stock: BlackRock (Luxembourg) S.A., BlackRock (Netherlands) B.V., BlackRock Advisors (UK) Limited, BlackRock Advisors, LLC, BlackRock Asset Management Canada Limited, BlackRock Asset Management Deutschland AG, BlackRock Asset Management Ireland Limited, BlackRock Asset Management North Asia Limited,

BlackRock Financial Management, Inc., BlackRock Fund Advisors, BlackRock Fund Managers Ltd, BlackRock Institutional Trust Company, N.A., BlackRock International Limited, BlackRock Investment Management (Australia) Limited, BlackRock Investment Management (UK) Ltd, BlackRock Investment Management, LLC, BlackRock Japan Co Ltd, and BlackRock Life Limited.

(15) Beneficial ownership is as of December 31, 2014, as reflected in a statement on Schedule 13G filed by CBRE Clarion Securities, LLC (“CBRE”) with the SEC on February 13, 2015. CBRE has its principal business office at 201 King of Prussia Road, Suite 600, Radnor, Pennsylvania 19087. CBRE has the sole power to dispose of 17,296,771 shares of common stock owned, the sole power to vote or direct the voting of 8,694,382 shares owned.

(16) Beneficial ownership is as of December 31, 2014, as reflected in a statement on Schedule 13G filed by FMR LLC with the SEC on February 13, 2015. FMR LLC has its principal business office at 245 Summer Street, Boston, Massachusetts 02210. FMR LLC has sole power to dispose of 16,523,185 shares owned and the sole power to vote or direct the voting of 7,323,459 shares owned. According to the Schedule 13G, Edward C. Johnson 3d has sole power to dispose of 16,523,185 shares owned and Abigail P. Johnson has sole power to dispose of 16,523,185 shares owned. FMR LLC is the beneficial owner as a result of being a parent company or control person of the following subsidiaries, each of which holds less than 5% of the outstanding shares of common stock: Pyramis Global Advisors Trust Company, Pyramis Global Advisors, LLC, and Strategic Advisers, Inc. FMR Co. LLC, a subsidiary of FMR LLC, beneficially owns 5% or greater of the outstanding shares of the security class reported on the Schedule 13G. The Schedule 13G indicates that Edward C. Johnson 3d is a Director and the Chairman of FMR LLC and Abigail P. Johnson is a Director, the Vice Chairman, the Chief Executive Officer and the President of FMR LLC. Members of the family of Edward C. Johnson 3d, including Abigail P. Johnson, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a shareholders’ voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC. Neither FMR LLC nor Edward C. Johnson 3d nor Abigail P. Johnson has the sole power to vote or direct the voting of the shares owned directly by the various investment companies registered under the Investment Company Act (“Fidelity Funds”) advised by Fidelity Management & Research Company (“FMR Co”), a wholly owned subsidiary of FMR LLC, which power resides with the Fidelity Funds’ Boards of Trustees. Fidelity Management & Research Company carries out the voting of the shares under written guidelines established by the Fidelity Funds' Boards of Trustees.

(17) Beneficial ownership is as of December 31, 2014, as reflected in a statement on Schedule 13G filed by Daiwa Asset Management Co. Ltd. (“Daiwa”) with the SEC on January 21, 2015. Daiwa has its principal business office at GranTokyo North Tower, 9-1 Marunouchi 1-chome, Chiyoda-ka, Tokyo, Japan 100-6753. Daiwa has sole power to dispose of 14,100 shares owned and the sole power to vote or direct the voting of 13,266,692 shares owned. Daiwa has the shared power to dispose of 13,252,592 shares owned.

## EXECUTIVE OFFICERS

The following table sets forth information about our executive officers. The executive officers listed below serve in their respective capacities at the discretion of our Board of Directors.

Name	Age	Office	Since
Thomas W. Toomey	54	President, Chief Executive Officer, and Director	2001
Warren L. Troupe	61	Senior Executive Vice President	2008
Jerry A. Davis	52	Senior Vice President - Chief Operating Officer	2013
Thomas M. Herzog	52	Senior Vice President - Chief Financial Officer	2013
Harry G. Alcock	52	Senior Vice President - Asset Management	2010

Set forth below is certain biographical information about our executive officers. Mr. Toomey's biographical information is provided in this proxy statement under the heading "Proposal No. 1 Election of Directors."

Mr. Troupe oversees all financial, treasury, compliance and legal functions of the Company. He joined us in March 2008 as Senior Executive Vice President. In May 2008, he was appointed the Company's Corporate Compliance Officer and in October 2008 he was named the Company's Corporate Secretary. Prior to joining us, Mr. Troupe was a partner with Morrison & Forester LLP from 1997 to 2008. He currently serves as a member of the Executive Council of the National Multi Housing Council (NMHC), and is a member of the Pension Real Estate Association (PREA) and the Urban Land Institute.

Mr. Davis oversees property operations, human resources and technology. He originally joined us in March 1989 as Controller and subsequently moved into Operations as an Area Director and in 2001 he accepted the position of Chief Operating Officer of JH Management Co., a California-based apartment company. He returned to the Company in August 2002 and, in 2013, Mr. Davis was promoted to Senior Vice President - Chief Operating Officer. He began his career in 1984 as a Staff Accountant for Arthur Young & Co.

Mr. Herzog oversees the areas of accounting, tax, financial planning and analysis, investor relations and SEC reporting. He joined us in January 2013 as Senior Vice President - Chief Financial Officer. Prior to joining the Company, Mr. Herzog served as Chief Financial Officer for Amstar, a Denver-based real estate investment company. From 2009 to 2011, Mr. Herzog served as Chief Financial Officer of HCP, Inc., an S&P 500 health care REIT. From 2004 to 2009, Mr. Herzog was with AIMCO where he began in the role of Senior Vice President and Chief Accounting Officer and then was promoted in 2005 to Executive Vice President and Chief Financial Officer. From 2000 to 2004, he served in the roles of Chief Accounting Officer & Global Controller and Finance Technical Advisor for GE Real Estate. Prior to joining GE Real Estate, Mr. Herzog was with Deloitte & Touche LLP for ten years, where he served in positions of increasing responsibility, including a two-year national office assignment in the real estate group.

Mr. Alcock oversees the Company's acquisitions, dispositions, development, redevelopment and asset management. He joined us in December 2010 as Senior Vice President - Asset Management. Prior to joining the Company, Mr. Alcock was with AIMCO for over 16 years, serving most recently as Executive Vice President, co-Head of Transactions and Asset Management. He was appointed Executive Vice President and Chief Investment officer in 1999, a position he held through 2007. Mr. Alcock established and chaired AIMCO's Investment Committee, established the portfolio management function and at various times led the property debt and redevelopment departments.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

In this section, we describe the material components of our executive compensation program for our NEOs, whose compensation is set forth in the 2014 Summary Compensation Table and other compensation tables contained in this Proxy Statement:

#### NAMED EXECUTIVE OFFICERS (NEOS)

- Thomas W. Toomey, our Chief Executive Officer and President;
- Warren L. Troupe, our Senior Executive Vice President;
- Jerry A. Davis, our Chief Operating Officer;
- Thomas M. Herzog, our Senior Vice President and Chief Financial Officer; and
- Harry G. Alcock, our Senior Vice President - Asset Management.

We also provide an overview of our executive compensation philosophy and our executive compensation program. In addition, we explain how and why our Compensation Committee arrived at the specific compensation decisions involving the NEOs for fiscal year 2014.

#### 2014 Highlights

The Company experienced strong operating performance in 2014 as seen below:

1. In July 2014, the Company marked its 42nd year as a REIT and paid its 168th consecutive quarterly dividend in October 2014. Increased annual dividend by 11% to \$1.04 a share.

Met or exceeded all 2014 objectives that were set forth in the Company's 3-Year Strategic Plan presented in February 2014. For further information, please see the Investor Relations section of the Company's website at [www.udr.com](http://www.udr.com).

The 3-Year Plan provided investors and analysts a roadmap as to how the Company will execute its strategic priorities: investing in accretive growth projects, strong operations, healthy cash flow, dividend and NAV growth and maintaining a solid balance sheet.

Since the inception of the Plan, UDR has a TSR of 40%, 520 basis points above the Company's multifamily peer average.



Same-store revenue growth 4th best of the multifamily peers in 2014 (Associated Estates Realty, Apartment  
3. Investment and Management Company, AvalonBay Communities, Inc., Camden Property Trust, Equity Residential,  
Essex Property Trust, Inc., Home Properties, Mid-America Apartment Communities, Inc. and Post Properties, Inc.).

Same-store revenue growth: 4.3%, exceeded the apartment peer average by 30bps.

Outperformed original 2014 guidance on all same-store metrics.

4. Same-store net operating income growth 4th best of the multifamily peers in 2014.

Same-store net operating income (“NOI”) growth: 5.2% (see Appendix A to this proxy statement for a reconciliation of  
net income/loss reported under US generally accepted accounting principles (GAAP) to NOI).

Exceeded the apartment peer average by 82bps.

5. 2014 FFO, FFO as Adjusted and AFFO all exceeded midpoint of guidance ranges (see Appendix A to this proxy statement for a reconciliation of net income/loss reported under US GAAP to FFO, FFO as Adjusted and AFFO).

6. Delivered \$480 million of accretive development projects.

Delivered 1,396 development homes in targeted core markets.

Upon stabilization, the Company's \$875 million underway development pipeline and \$571 million of stabilized, non-mature communities, in total, is expected to produce \$611 million of incremental Net Asset Value.

7. Primary balance sheet metrics are better than or in line with the Company's 3-Year Strategic Plan as set forth in February 2014.

Metric	Year-End 2014 Initial Forecast	Year-End 2014 Actual
Debt-to-Assets	38% to 40%	38.6%
Net Debt-to-EBITDA	6.3x to 6.7x	6.5x
Fixed Charge Coverage	3.4x to 3.6x	3.6x

8. Sold \$328 million of non-core assets in 9 communities / 2,500 apartment homes and one operating property at an aggregate gain of \$139 million.

9. Received a senior unsecured credit upgrade to Baa1 from Moody's Investor Services and a changed outlook to BBB, Positive from S&P Rating Services.

10. Raised \$650 million of new capital at attractive pricing, including approximately \$100 million of equity above Consensus Net Asset Value through the at-the-market equity offering program.

11. Expanded the MetLife relationship through additional asset interest swaps and new development starts.

Sold our minority ownership interests in two UDR / MetLife I Joint Venture operating communities to MetLife, increased our ownership interest from 12% to 50% in the remaining six operating communities in the UDR / MetLife I Joint Venture. These six communities were contributed to the UDR / MetLife II Joint Venture. The Company paid MetLife approximately \$79 million, net, for the additional ownership interests.

Sold a 49% interest in 13<sup>th</sup> & Market, a recently developed community in San Diego and a 50% interest in 3033 Wilshire, a Los Angeles land parcel to MetLife for \$62 million.

12. Generated a total shareholder return of 37% in 2014, 3% below the Company's multifamily peer average, 7% above the NAREIT Equity Index and 23% above the S&P 500.

#### Executive Summary - Compensation Philosophy and Objectives

Our executive compensation program has four principal goals:

- attract, retain and motivate effective executive officers;
- align the interests of our executive officers with the interests of the Company and our stockholders;
- incentivize our executive officers based on clearly defined performance goals and measures of successful achievement; and
- align market competitive compensation with our short-term and long-term performance.

Our Compensation Committee determines the form and amount of compensation, as well as the overall structure of our executive compensation program. The compensation of our "named executive officers," who are identified above, is comprised of a mix of base salary, short-term incentive compensation and long-term incentive compensation. The composition of our named executive officers' compensation is determined based on the consideration of a number of factors described in more detail below, including a periodic review of relevant comparative market information. Under our executive compensation program, as an executive officer's level of responsibility increases with his or her relative ability to impact the long-term performance of the Company as a whole, a greater portion of that executive officer's compensation is based on performance-based incentive compensation, and less is based on base salary, thereby creating the potential for greater variability in the executive officer's compensation level from year to year. The mix, level and structure of the components of compensation generally reflect the executive officer's role and relative impact on business results as well as competitive market practices.

Our 2014 performance, including our 2014 performance relative to our peers, along with the individual performance of our named executive officers, including their contributions toward the achievements outlined below, served as key factors in determining compensation for 2014. Consistent with our variable pay-for-performance philosophy, the compensation mix for our CEO and the other named executive officers in 2014 placed a greater emphasis on performance-based incentive compensation, as demonstrated in

the graphics below showing the breakdown of our CEO’s Total Direct Compensation for 2014 and our named executive officers’ Total Direct Compensation for 2014. For this purpose, the term “Total Direct Compensation” refers to total cash compensation (including salary and short-term incentive compensation) and the annualized value of target long-term incentive compensation.

The Compensation Committee seeks to refine our executive compensation program in order to ensure that our compensation goals are being met and that our compensation programs remain competitive. For 2015, the Compensation Committee has made several significant changes to the executive compensation program to further increase the alignment between the interests of our named executive officers, including our CEO, and our stockholders. These changes, effective for 2015 compensation, are as follows:

Compensation Element	Changes in 2015 Compensation
CEO Short-Term Incentive Compensation	<p>For the purpose of determining the CEO’s short-term incentive compensation amount, realigned the relative weighting of the CEO’s performance based on quantifiable annual performance metrics and his performance based on individual performance factors from 50/50 in 2014 to 70/30 in 2015, thereby placing greater emphasis on the achievement of quantifiable performance metrics.</p> <ul style="list-style-type: none"> <li>• In order to further enhance alignment with long-term stockholder returns, rebalanced the CEO’s target compensation mix to place an even greater emphasis on long-term compensation in the form of performance-based restricted stock units awarded under the 2015 LTI Program discussed below, as well as reduced the 2015 target annual cash incentive opportunity from 200% of salary to 150% of salary, which better aligns our pay system with our compensation philosophy and that of our newly designed program.</li> </ul>
Rebalanced CEO Target Compensation Mix	<ul style="list-style-type: none"> <li>• Implemented the 2015 LTI Program, for which the outcome is more heavily weighted toward relative total shareholder return, increasing the weighting for this component from 50% in the 2014 LTI Program to 67% in the 2015 LTI Program.</li> </ul> <p>Incorporated a multiple-year performance metric into the 2015 LTI Program, so that the relative TSR component will be measured over a three-year performance period, which is significantly longer than the one-year performance period incorporated into the 2014 LTI Program.</p> <ul style="list-style-type: none"> <li>•</li> </ul>
Named Executive Officer Long-Term Incentive Compensation	

### Say on Pay

Our stockholders have consistently supported our executive compensation program. At our 2014 Annual Meeting of Stockholders, over 95% of the votes cast were voted in favor of our resolution seeking advisory approval of our executive compensation. Over the last three years, stockholder support for our advisory vote on executive compensation has averaged 95%. While we have consistently had strong stockholder support for our executive compensation program, we do continue to engage in a dialogue with stockholders on executive compensation issues. We will continue to consider the outcome of future advisory votes on executive compensation when establishing the Company's compensation programs and policies and making compensation decisions regarding our named executive officers.

### Our Compensation Best Practices

Our compensation policies and programs are built upon a strong foundation of corporate governance and compensation best practices, including:

#### WE DO:

- ü Provide a significant portion of our named executive officers' total compensation in the form of awards tied to our long-term strategy and our performance relative to key business and personal objectives and performance versus our peers.
- ü Require compliance with our Executive Stock Ownership Guidelines, which require that our executive officers own a specified number of shares of the Company's common stock.
- ü Have a Policy on Recoupment of Performance-Based Incentives, which applies to our executive officers, including our named executive officers, and their performance-based incentive compensation.
- ü Have a Compensation Committee comprised entirely of independent directors and the Compensation Committee has retained its own independent compensation advisor.
- ü Have a Compensation Committee that reviews external market considerations, as well as internal considerations and the long-term interests of our stockholders, when making compensation decisions.
- ü Have the ongoing consideration and oversight by the Compensation Committee with respect to any potential risks associated with our incentive compensation programs.

#### WE DO NOT:

- X Have any employment agreements with our named executive officers.
- X Permit any Company personnel, including our named executive officers, to engage in any short-term, speculative securities transactions, engage in short sales, buying or selling put or call options, trading in options (other than those granted by the Company) and engaging in hedging transactions.
- X Permit purchasing securities on margin or pledging securities as collateral without prior approval.
- X Provide tax gross-ups for our named executive officers.
- X Grant only time-vested restricted stock or options to our named executive officers, other than in limited circumstances such as the appointment of a new executive officer.
- X Time the grants of stock options, restricted stock and other equity awards to coordinate with the release of material non-public information, or time the release of material non-public information for the purpose of affecting the value of any named executive officer compensation.

### Compensation Design and Philosophy

Our compensation philosophy is to attract and retain executive talent and to align the interests of our named executive officers with the interests of our stockholders by providing market competitive compensation that is tied to short-term

and long-term performance goals set by the Compensation Committee. The compensation of our named executive officers is comprised of a mix of base salary, short-term incentive compensation and long-term incentive compensation. The Compensation Committee considers a variety of factors, including an executive officer's role and responsibilities and the levels of

compensation necessary to remain competitive, when determining the target amount of compensation for each of the named executive officers.

Consistent with this philosophy, our compensation programs are designed to further our strategic plan and our goal of increasing stockholder value by providing equitable economic motivation to our executive officers and other key employees. The compensation of each of our executive officers is influenced significantly by the executive officer's individual performance as well as the Company's overall performance, taking into account competitive pay practices.

More specifically, our compensation program seeks to:

- be grounded in the mission of our business and reflect key strategic imperatives and talent needs,
- become a strategic advantage rather than simply a means for staying competitive,
- provide appropriate incentives for the executive officers while aligning their interests with those of our stockholders,
- provide market competitive compensation in order to attract, retain and reward experienced and highly-motivated executives who can contribute to our long-term growth and profitability,
- focus executive officers on current and long-term business objectives and critical issues,
- mitigate risk by emphasizing long-term compensation and financial performance measures correlated with growing stockholder value, and
- remain consistent with our operating style, shared values, compensation history and overall culture.

#### The Compensation Committee

Our Compensation Committee is composed of independent directors and is responsible for developing and administering compensation programs for (1) our directors, (2) executive officers, including base salaries and short-term and long-term incentive compensation plans, and (3) long-term incentive compensation plans for all of our associates. The members of the Compensation Committee meet each year in executive session, without the CEO present, to evaluate the performance of our CEO. When evaluating the performance of our CEO, the Compensation Committee considers, among other materials, evaluations of our CEO that are provided by the members of the Board. Our CEO makes recommendations to, and consults with, the Compensation Committee with respect to the compensation for the executive officers who report directly to our CEO. The Compensation Committee, in consultation with our CEO, sets the base salaries for the year for these executive officers and approves salary ranges for other executive officers.

#### Compensation Consultants

The Compensation Committee has the sole authority to retain and terminate any compensation consultants to be used to assist in establishing compensation for our executive officers and to approve such consultants' fees and other retention terms. The Compensation Committee selected FPL to serve as the Compensation Committee's independent compensation consultant.

FPL reports directly to the Compensation Committee and the Compensation Committee is free to replace FPL or to hire additional consultants from time to time. FPL does not have any conflict of interest with the Company, the members of the Compensation Committee or our executive officers.

As part of its engagement, FPL provided the Compensation Committee and our CEO with, among other things, analyses regarding market pay, which the Compensation Committee considered as part of its analysis of the compensation of our named executive officers. In addition, FPL reviewed the competitiveness of the pay levels of our named executive officers and certain other officers against pay levels for the diversified public REIT peer group, discussed below.

## Consideration of Market Data

Consistent with the Company's goal to provide compensation that remains competitive, the Compensation Committee considers the executive compensation practices of companies in a peer group selected by the Company in consultation with FPL as one of several factors used in setting compensation. The Compensation Committee does not target a specific percentile range within the peer group when determining a named executive officer's compensation. Instead, the Compensation Committee uses the market data provided by the peer group as one of several reference points useful for determining the form and amount of compensation.

The Compensation Committee reviews the peer group annually. The companies comprising the peer group must be publicly traded REITs based in the United States and of a size and equity market capitalization that are comparable to UDR.

For 2014, the peer group, which we refer to herein as either the "diversified public REIT peer group" or the "peer group," included the companies listed in the table below. The companies listed below consist of five apartment REITs and eleven comparably-sized REITs in other property sectors, recognizing that UDR competes with all REITs for executive talent and capital. BRE Properties, Inc., which was part of the peer group, merged with Essex Property Trust, Inc. on April 1, 2014.

Peer Group Company <sup>(1)</sup>	NYSE Symbol	Equity Market Capitalization (December 31, 2014) <sup>(2)</sup> (In millions)	2014 Fiscal Year End Total Assets (In millions)	NAREIT Property Sector
Apartment Investment and Management Company	AIV	\$5,432	\$6,097	Apartments
AvalonBay Communities Inc.	AVB	\$21,577	\$16,177	Apartments
Camden Property Trust	CPT	\$6,380	\$6,057	Apartments
CBL & Associates Properties	CBL	\$3,307	\$6,616	Retail
DDR Corp.	DDR	\$6,618	\$9,941	Retail
Digital Realty Trust	DLR	\$8,992	\$9,983	Data Center
Duke Realty Corp.	DRE	\$6,951	\$7,755	Office
Equity Residential	EQR	\$26,068	\$22,951	Apartments
Essex Property Trust, Inc. <sup>(3)</sup>	ESS	\$13,210	\$11,563	Apartments
Federal Realty Investment Trust	FRT	\$9,093	\$4,547	Retail
Host Hotels & Resorts, Inc.	HST	\$18,001	\$12,207	Lodging
Kimco Realty Corporation	KIM	\$10,343	\$10,286	Retail
The Macerich Company	MAC	\$13,174	\$13,817	Retail
Regency Centers Corporation	REG	\$5,947	\$4,658	Retail
SL Green Realty	SLG	\$11,487	\$17,097	Office
Taubman Centers, Inc.	TCO	\$4,839	\$3,215	Retail
Peer Average		10,714	10,185	
Peer Median		9,043	9,962	
UDR Rank (out of 17)		10	11	

(1) On a relative basis, UDR's equity market capitalization (December 31, 2014) was \$7,863 million and 2014 fiscal year end total assets were \$6,847 million.

(2) Equity Market Capitalization based upon data from Thomson Reuters as of December 31, 2014.



(3) BRE Properties Inc., which was a peer group company, merged with Essex Property Trust, Inc. on April 1, 2014.

#### Components of Compensation

The mix, level and structure of the components of our named executive officers' compensation generally reflect real estate industry practices, as well as the executive's role and relative impact on business results consistent with our variable pay-for-performance philosophy. The mix of compensation elements for our named executive officers places relatively greater emphasis on at-risk incentive compensation, as compared with the median mix of compensation elements for the companies in our peer group. As an executive officer's level of responsibility increases consistent with his or her relative ability to impact the long-term performance of the Company as a whole, a greater portion of the named executive officer's compensation is based on performance-based incentive compensation and less on base salary, thereby creating the potential for greater variability in the individual's compensation level from year to year.

The key components of our named executive officers' compensation, base salary, short-term incentive compensation, and long-term incentive compensation, are described in more detail in the following table.

Compensation Component	Objectives Associated with the Compensation Component	Key Features of the Compensation Component
Base Salary	<ul style="list-style-type: none"> <li>Designed to reward individual effort associated with job-related duties and to attract and retain talented executive officers for our Company.</li> </ul>	<ul style="list-style-type: none"> <li>Paid in cash.</li> <li>The Compensation Committee annually reviews and determines the base salary of our named executive officers in consultation with our CEO</li> </ul>
Compensation Component	Objectives Associated with the Compensation Component	Key Features of the Compensation Component
Short-Term Incentive Compensation	<ul style="list-style-type: none"> <li>Designed to encourage outstanding individual and Company performance by motivating the named executive officers to achieve short-term Company and individual goals by rewarding performance measured against key annual strategic objectives and, for the CEO, using the independent directors' evaluation of his performance towards achieving short-term goals.</li> </ul>	<ul style="list-style-type: none"> <li>Depending on the particular executive officer, short-term incentive compensation may be in the form of cash, restricted stock and/or stock options.</li> <li>The threshold, target and maximum dollar amounts for short-term incentive compensation are generally established in February each year, with the value of the award paid in February of the following year based upon an evaluation of achievement of goals established at the time the targets are set as part of approval of the Annual Business Plan and Three-Year Strategic Plan.</li> </ul>
Long-Term Incentive Compensation ("LTI")	<p>Our LTI compensation is designed to foster significant ownership of our common stock by our management, to align the interests of our management with the creation of stockholder value and to motivate our management to achieve long-term growth and success of our Company.</p> <ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>Our LTI compensation consists of awards of restricted stock, restricted stock units and/or stock options, which vest only if the Company meets pre-determined performance targets over a specific performance period established by the Compensation Committee.</li> <li>The threshold, target and maximum dollar values for long-term incentive compensation are generally established at the commencement of the performance period and awarded in the form of restricted stock, restricted stock units and/or stock options, with the actual dollar value awarded determined at the end of the performance period based upon actual achievement of the goals established at the time the threshold, target and maximum dollar values are set. Each award vests in accordance with the</li> </ul>

terms established by the Compensation Committee. The 2014 long-term incentive compensation awards vest pro rata over three years, commencing with the establishment of the award and continuing for two years following determination of the amount of the award at the end of the annual performance period.

Base Salary. In setting base salaries for named executive officers, the Compensation Committee considers the individual executive officer's qualifications, experience level, performance against specific goals and the competitive market for qualified executives. In some cases, base salary for our named executive officers may vary from comparative levels of compensation for other executive officers, principally because of our greater emphasis on at-risk incentive compensation for our more senior executive officers, the current recruiting or retention markets for a particular position, or the tenure of a particular officer in his or her position.

Short-Term Incentive Compensation. Short-term incentive compensation awards are based on pre-determined weighting between Company performance and individual performance. Company performance is weighted equal to or more heavily than individual performance based on the extent to which a particular named executive officer has responsibility for, and influence over, the overall performance of the Company, as the Compensation Committee seeks to provide a strong incentive for these named executive officers to maximize the Company's performance.

The annual performance metrics utilized for determining short-term incentive compensation are determined by the Compensation Committee in consultation with our CEO. The performance metrics that we utilized for 2014 compensation are as follows:

Funds From Operations ("FFO"), as reported - The Company defines FFO, as reported, as net income (computed in accordance with GAAP), excluding impairment write-downs of depreciable real estate or of investments in non-consolidated investees that are driven by measurable decreases in the fair value of depreciable real estate held by the investee, gains (or losses) from sales of depreciable property, plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. This definition conforms with the National Association of Real Estate Investment Trust's definition issued in April 2002.

FFO, as Adjusted - The Company defines FFO, as adjusted, as FFO as reported, excluding the impact of acquisition-related costs and other non-recurring items including, but not limited to, prepayment costs/benefits associated with early debt retirement, gains on sales of marketable securities and taxable REIT subsidiary property, deferred tax valuation allowance increases and decreases, storm-related expenses, severance costs and legal costs.

Development/Redevelopment FFO - The Company defines Development/Redevelopment FFO as the Net Operating Income, including retail NOI, plus capitalized interest from certain development and redevelopment projects.

Same Store Net Operating Income ("SSNOI") - The Company defines Net Operating Income as rental income less direct property rental expenses. Rental income represents gross market rent less adjustments for concessions, vacancy loss and bad debt. Rental Expenses include real estate taxes, insurance, personnel, utilities, repairs and maintenance, administrative and marketing. Excluded from Net Operating Income is property management expense which is calculated as 2.75% of property revenue to cover the regional supervision and accounting costs related to consolidated property operations, and land rent. The Company defines Same Store as those communities stabilized as of a specific point in time. These communities were owned and had stabilized occupancy and operating expenses as of the beginning of the prior year, there is no plan to conduct substantial redevelopment activities, and the community is not held for disposition within the current year.

Net Financial Funding Requirement - The Company defines Net Financial Funding Requirement as projected 2014 credit capacity less 2015-2016 net approved and likely to be approved development spend, and debt maturities with extensions. The benchmark is subsequently modified for changes in approved and likely to be approved development and redevelopment spend.

• **Maintain Leverage Ratio** - The Company defines Maintain Leverage Ratio as maintaining the Company's leverage ratio at 39% or less.

• **Net Transactions - Acquisitions/Sales/Development/Redevelopment** - The Company defines Net Transactions - Acquisitions/Sales/Development/Redevelopment as the sum of total acquisitions including land and JV's, development spend, and redevelopment spend less total dispositions including JV's.

• **Long-Term Incentive Compensation.** Long-term incentive compensation is comprised of awards of restricted shares of our common stock, restricted stock units and/or stock options that are awarded if the Company meets specific performance targets. Long-term incentive compensation awards constitute the most significant component of our executive officers' compensation, which closely aligns their long-term interests with the long-term interests of our stockholders, while mitigating potential risks related to our compensation programs.

• **Retirement Plans.** We have a Profit Sharing Plan (the "401(k) Plan"), which is a defined contribution plan covering all eligible full-time employees. Under the 401(k) Plan, the Company makes discretionary profit sharing and matching contributions to the plan as determined by the Compensation Committee. Details regarding matching contributions for our named executive officers are set forth below under the Summary Compensation Table. UDR does not have a pension plan, a SERP or any similar arrangements.

• **Perquisites and Other Benefits.** The primary perquisites that we offer to our named executive officers are Company-paid health insurance (including dental), life insurance, long-term disability insurance and accidental death and disability insurance. Our named executive officers participate in these benefit plans on the same terms as other employees. In addition to the group medical plans that we provide, we reimburse up to a maximum of \$5,000 in expenses for annual physical exams for our named executive officers. To help us attract and retain qualified personnel, we also offer relocation benefits, but these benefits are individually negotiated when they occur.

• We review our policies with respect to perquisites on a regular basis to consider whether the perquisites should be maintained and whether, or to what extent, it may be appropriate for us to discontinue particular perquisites or to require repayment of the cost of perquisites. During 2014, we did not change our policies with respect to perquisites that we offer to our CEO and other named executive officers.

The Compensation of Our Named Executive Officers for 2014  
Base Salaries

The base salaries for 2014 for our named executive officers were determined based on the individual executive officer's qualifications, experience level, performance against specific goals and the competitive market for qualified executives. The base salaries for 2014 were determined to be as follows:

Short-Term Incentive Compensation

2014 Results. The Company's 2014 performance, as measured by the performance metrics utilized for determining short-term incentive compensation for the named executive officers, was as follows:

Performance Measure	Threshold	Target	Maximum	2014 Result
FFO, as Adjusted per share	\$1.46	\$1.51	\$1.56	\$1.52
Same Store NOI Target (percentile ranking of public apartment REITs by market)	50%	67%	83%	89%
Development/Redevelopment FFO (calculated as NOI plus capitalized interest)	\$85.5 million	\$90.0 million	\$94.5 million	\$90.8 million
Net financial funding requirement	\$(674) million	\$(539) million	\$(404) million	\$(343) million
Net Transactions - Acquisitions / Sales / Dev / Redevelop	\$300 million	\$331 million	\$360 million	\$330 million
Maintain Leverage Ratio	0 change	-100bps	-150bps	-40bps

Short-Term Incentive Compensation of CEO (Mr. Toomey). The Compensation Committee established the following range for Mr. Toomey's 2014 short-term incentive compensation:

with 50% based on the Company's performance as measured by the four annual performance metrics that were weighted as described below, and the remaining 50% based on his individual performance against the Board of Director approved Key Performance Objectives.

The Compensation Committee determined that these amounts were consistent with the target short-term incentive compensation as a percentage of overall compensation for the CEO position, and these amounts provide a market competitive level of compensation for the CEO. The Compensation Committee also made a subjective determination that these amounts were appropriate to motivate Mr. Toomey to achieve short-term Company and individual goals and to help ensure Mr. Toomey's continued service with the Company.

The annual performance metrics that were used for determining the 2014 short-term incentive compensation for Mr. Toomey were as follows:

Performance Measure	Weight	Minimum	Target	Maximum
FFO, as Adjusted per share	40%	\$1.46	\$1.51	\$1.56
Same Store NOI Target (percentile ranking of public apartment REITs by market)	20%	50%	67%	83%
Development/Redevelopment FFO (calculated as NOI plus capitalized interest)	30%	\$85.5 million	\$90.0 million	\$94.5 million
Maintain Leverage Ratio	10%	0 change	-100bps	-150bps

Mr. Toomey's individual goals for 2014 were as follows:

- (1) refining, enhancing and executing the 3-year Business Plan and strategic vision,
- (2) communications and responding to a changing market,
- (3) resolving key strategic issues, and
- (4) team management and succession.

In evaluating Mr. Toomey's 2014 compensation, the Compensation Committee considered Mr. Toomey's accomplishment of these goals.

In February 2015, the Compensation Committee awarded Mr. Toomey short-term incentive compensation in the amount of \$1,975,000 for fiscal 2014, based on the Company's performance against the annual performance metrics and his individual performance. Of the total amount, \$853,000 was attributable to the Company's performance against the annual performance metrics and the remainder was attributable to Mr. Toomey's individual performance.

Short-Term Incentive Compensation of Senior Executive Vice President (Mr. Troupe). The Compensation Committee established the following range for Mr. Troupe's 2014 short-term incentive compensation:

- with 70% based on the Company's performance as measured by the two annual performance metrics that were weighted as described below, and
- the remaining 30% based on his individual performance.

The Compensation Committee determined that these amounts were consistent with the target short-term incentive compensation as a percentage of overall compensation for the Senior Executive Vice President position, and these amounts provide a market competitive level of compensation for the Senior Executive Vice President. The Compensation Committee, in consultation with our CEO, also made a subjective determination that these amounts were appropriate to motivate Mr. Troupe to achieve short-term Company and individual goals and to help ensure Mr. Troupe's continued service with the Company.

The annual performance metrics that were used for determining the 2014 short-term incentive compensation for Mr. Troupe were as follows:

Performance Measure	Weight	Minimum	Target	Maximum
FFO, as Adjusted per share	70%	\$1.46	\$1.51	\$1.56
Net financial capabilities (coverage of 2014-2016 debt maturities)	30%	\$(674) million	\$(539) million	\$(404) million

Mr. Troupe's individual goals for 2014 were as follows:

- (1) maintaining a flexible/strong balance sheet within existing Board policies,
- (2) transactions - assist in coordination of acquisitions/sales goals, oversee joint venture relationships and completion of Business Plan financings, and
- (3) compliance - oversee all risk, regulatory, internal audit and legal functions.

In February 2015, the Compensation Committee awarded Mr. Troupe short-term incentive compensation in the total amount of \$1,272,000 for fiscal 2014, based on the Company's performance against the annual performance metrics, and his individual performance. Of the total amount, \$897,000 was attributable to the Company's performance against the annual performance metrics and the remainder was attributable to Mr. Troupe's individual performance.

Short-Term Incentive Compensation of Chief Operating Officer (Mr. Davis). The Compensation Committee established a range for Mr. Davis's 2014 short-term incentive compensation as follows:

with 70% based on the Company's performance as measured by the three annual performance metrics that were weighted as described below, and 30% based on his individual performance.

The Compensation Committee determined that these amounts were consistent with the target short-term incentive compensation as a percentage of overall compensation for the Chief Operating Officer position, and these amounts provide a market competitive level of compensation for the Chief Operating Officer. The Compensation Committee, in consultation with our CEO, also made a subjective determination that these amounts were appropriate to motivate Mr. Davis to achieve short-term Company and individual goals and to help ensure Mr. Davis's continued service with the Company.

The annual performance metrics that were used for determining the 2014 short-term incentive compensation for Mr. Davis were as follows:

Performance Measure	Weight	Minimum	Target	Maximum
FFO, as Adjusted per share	30%	\$1.46	\$1.51	\$1.56
Same Store NOI Target (percentile ranking of public apartment REITs by market)	40%	50%	67%	83%
Development/Redevelopment FFO	30%	\$85.5 million	\$90.0 million	\$94.5 million



The Compensation Committee, in consultation with our CEO, considered Mr. Davis's individual performance in 2014 based on the accomplishment of his specific goals that included:

- (1) increasing cash flow to support dividend growth through operations and sale and marketing, and
- (2) maintaining a great place to work and live, considering human resources and resident satisfaction.

In February 2015, the Compensation Committee awarded Mr. Davis short-term incentive compensation in the total amount of \$1,173,000 for fiscal 2014, based on the Company's performance against the annual performance metrics, and his individual performance. Of the total amount, \$773,000 was attributable to the Company's performance against the annual performance metrics and the remainder was attributable to Mr. Davis' individual performance.

**Short-Term Incentive Compensation of Chief Financial Officer (Mr. Herzog).** The Compensation Committee established a range for Mr. Herzog's 2014 short-term incentive compensation follows:

with 50% based on the Company's performance as measured by the three annual performance metrics that were weighted as described below, and

the remaining 50% based on his individual performance.

The Compensation Committee determined that these amounts were consistent with the target short-term incentive compensation as a percentage of overall compensation for the CFO position, and these amounts provide a market competitive level of compensation for the CFO. The Compensation Committee also made a subjective determination that these amounts were appropriate to motivate Mr. Herzog to achieve short-term Company and individual goals and to help ensure Mr. Herzog's continued service with the Company.

The annual performance metrics that were used for determining the 2014 short-term incentive compensation for Mr. Herzog were as follows:

Performance Measure	Weight	Minimum	Target	Maximum
FFO, as Adjusted per share	70%	\$1.46	\$1.51	\$1.56
Same Store NOI Target (percentile ranking of public apartment REITs by market)	15%	50%	67%	83%
Development/Redevelopment FFO	15%	\$85.5 million	\$90.0 million	\$94.5 million

Mr. Herzog's individual goals for 2014 were as follows:

- (1) management of accounting and tax functions,
- (2) management of Investor Relations function and strategy,
- (3) development of financial planning and analysis to drive the Business Plan, and
- (4) assist in managing the balance sheet.

In February 2015, the Compensation Committee awarded Mr. Herzog short-term incentive compensation in the total amount of \$1,006,000 for fiscal 2014, based on the Company's performance against the annual performance metrics, and his individual performance. Of the total amount, \$406,000 was attributable to the Company's performance against the annual performance metrics and the remainder was attributable to Mr. Herzog's individual performance. In addition to the cash amount awarded, Mr. Herzog was awarded \$100,000 in restricted stock, which will vest ratably over four years.

Short-Term Incentive Compensation of Senior Vice President - Asset Management (Mr. Alcock). The Compensation Committee established a range for Mr. Alcock's 2014 short-term incentive compensation as follows:

with 70% based on the Company's performance as measured by the three annual performance metrics that were weighted as described below, and

30% based on his individual performance.

The Compensation Committee, in consultation with our CEO, determined that these amounts were consistent with the target short-term incentive compensation as a percentage of overall compensation for the Senior Vice President - Asset Management position, and these amounts provide a market competitive level of compensation for the Senior Vice President - Asset Management. The Compensation Committee, in consultation with our CEO, also made a subjective determination that these amounts were appropriate to motivate Mr. Alcock to achieve short-term Company and individual goals and to help ensure Mr. Alcock's continued service with the Company.

The annual performance metrics that were used for determining the 2014 short-term incentive compensation for Mr. Alcock were as follows:

Performance Measure	Weight	Minimum	Target	Maximum
FFO, as Adjusted per share	40%	\$1.46	\$1.51	\$1.56
Development/Redevelopment FFO	40%	\$85.5 million	\$90.0 million	\$94.5 million
Net Transactions - Acquisitions/Sales/Dev/Redev	20%	\$300 million	\$331 million	\$360 million

The Compensation Committee, in consultation with our CEO, considered Mr. Alcock's individual performance in 2014 based on the accomplishment of his specific goals that included:

- (1) strengthening the portfolio through sales, acquisitions, redevelopment and asset quality, and
- (2) strengthening the quality of the portfolio through development.

In February 2015, the Compensation Committee awarded Mr. Alcock short-term incentive compensation in the total amount of \$1,000,000 for fiscal 2014, based on the Company's performance against the annual performance metrics, and his individual performance. Of the total amount, \$660,000 was attributable to the Company's performance against the annual performance metrics and the remainder was attributable to Mr. Alcock's individual performance.

#### 2014 LTI Compensation

Long-Term Incentive Compensation. Long-term incentive compensation, consisting of equity awards including restricted stock, restricted stock units and/or stock options, constitute the most significant component of our executive officers' compensation, which closely aligns their long-term interests with the long-term interests of our stockholders, while mitigating potential risks related to our compensation programs.

Consistent with its overall strategy, the Company has focused on high-barrier-to-entry markets with above-average job growth, low single-family home ownership affordability and limited new supply. In executing its strategy, the Company has focused on creating NAV and growing its dividend, which has been

done at a rate of 10% annually for 10 years. The Company's past growth in the period 2010-2012 generally reflected the recovery from the economic recession, while the Company's growth from 2012-2014 reflected continued fundamental strength in the Company's property operations, offset by dilution from balance sheet improvement through activities taking place in 2011 and 2012, including approximately \$1.8 billion of equity raised, portfolio repositioning of approximately \$2.2 billion in acquisitions (including joint ventures), and approximately \$1.2 billion of asset sales.

2014 Performance-Based Awards. The Compensation Committee determined, in February 2014, that grants of performance-based awards consisting of restricted stock, with amounts that vest based on performance measured by achievement of pre-determined targets over a one-year performance cycle, were the best means for aligning the potential value to be paid to the Company's management with the potential value that can now be created for stockholders over the performance cycle. These 2014 awards were based upon performance metrics which focus on stockholder value creation and operating performance that align with the Company's key strategic priorities. The awards focus on the Company's performance as measured by FFO, as Adjusted (50%), and

the Company's TSR (50%) based on the Company's TSR performance relative to Apartment Investment and Management Company, Associated Estates Realty Corporation, AvalonBay Communities, Inc., BRE Properties, Inc., Camden Property Trust, Equity Residential, Essex Property Trust, Home Properties, Inc., Mid-America Apartment Communities, Inc. and Post Properties, Inc. (BRE Properties and Essex Property Trust merged on April 1, 2014, and therefore BRE Properties was excluded from the computation; Associated Estates Realty was also excluded from the computation due to activity by certain investors which resulted in an abnormal TSR).

The FFO performance metric was selected and weighted at 50% for these awards to recognize the relative importance of FFO growth in driving overall stockholder value, while the TSR performance metric was selected and weighted at 50% in order to underscore the overall importance of the return to the Company's stockholders, and to align the interests of management with the interests of stockholders. The threshold, target and maximum dollar values for the awards were established in February of 2014, and the actual amount that vested was determined in February 2015 based upon actual achievement of the above-referenced performance metrics. Dividends accrue on the shares of restricted stock and, once the shares vest, the dividends are automatically reinvested into additional shares of restricted stock. In the event that all or part of an award does not vest, then the restricted shares and accrued dividends shall be cancelled. Each award vests pro rata over three years commencing with the establishment of the award and continuing for two years following determination of the amount of the award at the end of the annual performance period.

The metrics utilized for the 2014 awards are as follows:

Performance Metric	Weighting	Range	Metric	Payout	Actual Result
FFO as Adjusted Growth	50%	Minimum	\$1.46	50%	
		Target	\$1.51	100%	\$1.52
		Above Target	\$1.56	150%	
Total Shareholder Return - Relative to Peer Average <sup>(1)</sup>	50%	Minimum	(200)bps	50%	
		Target	100bps	100%	27bps
		Maximum	500bps	200%	

(1) TSR Relative to 10 Apartment Peers, Average TSR



The 2014 awards were granted to Messrs. Toomey, Troupe, Davis, Herzog and Alcock, in the following amounts:

	Minimum	Threshold	Target	Maximum	Actual Amount
Mr. Toomey	\$0	\$1,000,000	\$4,000,000	\$7,000,000	\$3,960,000
Mr. Troupe	\$0	\$375,000	\$1,500,000	\$2,625,000	\$1,485,000
Mr. Davis	\$0	\$375,000	\$1,500,000	\$2,625,000	\$1,485,000
Mr. Herzog	\$0	\$300,000	\$1,200,000	\$2,100,000	\$1,188,000
Mr. Alcock	\$0	\$350,000	\$1,400,000	\$2,450,000	\$1,386,000

#### 2015 Short-Term Incentive Compensation

The Compensation Committee, after considering input provided by FPL, determined that 2015 short-term incentive compensation should continue to be based on the Company's annual performance as measured by five potential quantifiable performance metrics, as well as each named executive officers' individual performance, with the calculation of the award amounts based on a pre-established weighting of the quantifiable performance metrics and the individual performance for each named executive officer. For the purpose of determining Mr. Toomey's short-term incentive compensation in 2015, the Compensation Committee realigned the relative weighting of Mr. Toomey's performance based on quantifiable performance annual performance metrics and his performance based on individual performance factors from 50/50 to 70/30, thereby placing greater emphasis on the achievement of quantifiable performance metrics.

#### 2015 LTI Compensation

Recognizing the importance of measuring performance over longer periods of time for the purpose of seeking to further align the interests of our named executive officers' with the interests of stockholders, in December 2014 the Compensation Committee determined that the 2015 LTI program will incorporate a three-year TSR performance goal (in place of the one-year performance period used in the 2014 LTI Program), as well as an increased weighting of the relative TSR goal from 50% to 67%. The Compensation Committee, after considering input provided by FPL, determined that this change in the LTI program was appropriate at this time given that our major portfolio repositioning and balance sheet changes are largely completed.

Our 2015 LTI Program is intended to cover consecutive, rolling three-year tranches (each consisting of 36 months) for an indefinite period. Under the terms of the 2015 LTI Program, our named executive officers are awarded restricted stock units with dividend equivalent rights based upon the achievement of specific performance objectives over the relevant performance period, and each of the awards will subject to specific vesting provisions that are based on the achievement of the applicable performance criteria. The 2015 LTI Program awards are based upon performance metrics which focus on stockholder value creation and operating performance that align with the Company's key strategic priorities. In particular, these awards focus on the Company's performance as measured by FFO, as Adjusted (33%) and the Company's relative TSR performance (67%), which is based on the Company's TSR performance as compared to the median of comparable apartment REITs. The FFO, as Adjusted metric was selected and weighted for these awards to recognize the relative importance of FFO growth in driving overall stockholder value, while the relative TSR performance metric was selected and weighted in order to underscore the overall importance of the return to the Company's stockholders, and to align the interests of management with the interests of stockholders. In recognition of the long transition period associated with the implementation of the 2015 LTI Program awards, which contemplate a three-year performance period for the relative TSR portion of the award, the Compensation Committee also determined, on a one-time basis, to award performance-based transition equity awards. These awards provide for one- and two-year performance periods, respectively, utilizing the same performance criteria (FFO, as adjusted and relative TSR performance) used for the 2015 LTI Program. The awards with a one-year performance period will vest pro-rata over a two-year period commencing immediately after the end of the performance period. The awards with a two-year

performance period will vest immediately after the end of the performance period. Messrs. Toomey, Troupe, Davis, Herzog and Alcock each received awards under the 2015 LTI Program, as well as the one-time transition awards.

**Severance, Change of Control and Other Arrangements**  
We provide a description of the change of control provisions and the death, disability and retirement provisions in our 1999 Long-Term Incentive Plan and our policy with respect to severance benefits, below under “Post-Employment Compensation - Severance, Change of Control and Other Arrangements.”

**Advisory Vote on Executive Compensation**

At the 2014 annual meeting of stockholders, the stockholders approved, on an advisory basis, the compensation of our named executive officers, as disclosed pursuant to the compensation disclosure rules of the SEC, with over 95% of votes cast in favor of the resolution. The Compensation Committee reviewed the final vote results for that resolution, and we have not made any changes to our executive compensation policies or decisions as a result of the vote. While the vote on the compensation of our named executive officers is advisory, and therefore not binding on the Company, the Compensation Committee or our board, our board and our Compensation Committee value the opinions of our stockholders and, to the extent there is any significant vote against the named executive officer compensation, we will consider our stockholders’ concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns. We have determined that our stockholders should cast an advisory vote on the compensation of our named executive officers on an annual basis. Accordingly, our board recommends that you vote “FOR” Proposal No. 3 at the annual meeting. For more information, see “Proposal No. 3 Advisory Vote on Executive Compensation” in this proxy statement.

**Accounting and Tax Effects**

The impact of accounting treatment is considered in developing and implementing our compensation programs generally, including the accounting treatment as it applies to amounts awarded or paid to our executives. The impact of federal tax laws on our compensation programs is also considered, including the deductibility of compensation paid to our named executive officers, as regulated by Section 162(m) of the Code.

Under Section 162(m) of the Code, we may not receive a federal income tax deduction for compensation paid to our CEO or any of the three other most highly compensated executive officers (other than the CFO) employed on the last day of the fiscal year to the extent that any of such persons receive more than \$1,000,000 in compensation in the fiscal year. However, if we pay compensation that is “performance-based” under Section 162(m), we can receive a federal income tax deduction for the compensation paid even if such compensation exceeds \$1,000,000 in a single year.

Our 1999 Long-Term Incentive Plan has been designed to permit awards under the plan to qualify as “performance-based” and, therefore, compensation realized in connection with options and grants of restricted stock that qualify as performance-based are fully tax deductible on our federal income tax return. To maintain flexibility in compensating executive officers in a manner designed to promote varying corporate goals, the Compensation Committee has not adopted a policy that all compensation must be deductible on our federal income tax returns. The foregoing policy is subject to change as the Compensation Committee deems necessary from time to time to respond to economic conditions, meet competitive standards and to serve our objectives and our stockholders. The impact of Section 409A of the Code is also taken into account. The 1999 Long-Term Incentive Plan has been designed to comply with the requirements of Section 409A of the Code so as to avoid possible adverse tax consequences that may result from noncompliance.

#### Equity Granting Process

Grants of stock options, restricted stock, restricted stock units and other equity awards to our executive officers and other employees are approved by the Compensation Committee at regularly scheduled meetings, or occasionally by unanimous written consent. If approval is made at a meeting, the grant date of the award is the date of the meeting; if approval is by unanimous written consent, the grant date of the award is the day the last Compensation Committee member signs the written consent.

We have no practice of timing grants of stock options, restricted stock and other equity awards to coordinate with the release of material non-public information, nor have we timed the release of material non-public information for the purpose of affecting the value of any named executive officer compensation.

#### Stock Ownership Guidelines

To align the interests of our executive officers with the interests of our stockholders, each of our executive officers is required to comply with our Executive Stock Ownership Guidelines. These guidelines require our executive officers to own a specified number of shares of the Company's common stock as determined by the executive officer's position within four years of the date of the executive officer's employment or appointment with the Company. The individual guidelines are as follows:

- 10,000 shares for the CEO and President,
- 50,000 shares for any Executive Vice President (or equivalent), and
- 20,000 shares for any Senior Vice President (or equivalent).

All of our named executive officers serving as of the end of 2014 are in compliance with the Executive Stock Ownership Guideline applicable to their position. The Governance Committee may, from time to time, re-evaluate and revise these guidelines to give effect to changes in the price of our common stock or our capitalization.

Stock that counts towards satisfaction of the ownership guidelines include:

- shares owned outright by the participant or his or her immediate family members residing in the same household, and
- vested restricted stock.

A copy of our Executive Stock Ownership Guidelines may be found on our corporate governance page on our website at [www.udr.com](http://www.udr.com). To access the guidelines on our website, click on "Investor Relations" and then click on "Corporate Governance."

#### Hedging, Pledging and Short-Term Speculative Transactions

We prohibit any Company personnel, including our named executive officers, from engaging in any short-term, speculative securities transactions, engaging in short sales, buying or selling put or call options, trading in options (other than those granted by the Company) and engaging in hedging transactions. We also prohibit purchasing securities on margin or pledging securities as collateral without prior approval.

#### Policy on Recoupment of Performance-Based Incentives

Our Compensation Committee adopted the Policy on Recoupment of Performance-Based Incentives, which applies to our executive officers, including our named executive officers, and their performance-based incentive compensation beginning with their compensation for the 2010 fiscal year. This policy provides that if the board determines that the Company's financial statements are required to be restated as a result of fraud committed by an executive officer, the board may seek to recoup any portion

of the performance-based awards that the executive officer would not have received if the Company's financial results had been reported properly. The board administers the policy and determines, in its sole discretion, the amount of the performance-based award to be recouped.

#### Consideration of Risk

The Compensation Committee is aware of the consequences to companies that have not appropriately balanced risk and reward in executive compensation. The Compensation Committee believes that the emphasis on long-term performance in the 1999 Long-Term Incentive Plan results in an overall compensation program that does not reward excessive risk-taking for the Company. The Company's compensation strategy is intended to mitigate risk by emphasizing long-term compensation and financial performance measures correlated with growing stockholder value rather than rewarding shorter performance and payout periods.

Our Compensation Committee believes that our executive incentive compensation arrangements do not encourage our executives to take unnecessary or excessive risks that could threaten the value of our Company. While performance-based compensation constitutes a significant percentage of our executives' overall total compensation and thereby the Compensation Committee believes motivates our executives to help fulfill our corporate mission and vision, including specific and focused Company performance objectives, the non-performance based compensation, for most executives for most years, is also a sufficiently high percentage of overall total compensation that the Compensation Committee does not believe that unnecessary or excessive risk taking is encouraged by the performance-based compensation. In addition, a significant portion of executive's performance-based compensation is in the form of long-term equity incentives, which do not encourage unnecessary or excessive risk because they generally are performance-based and vest over a multiple-year period of time, thereby focusing the executives on our Company's long-term interests. In order to align the interests of our executive officers with the interests of our stockholders, each of our executive officers is required to comply with our Executive Stock Ownership Guidelines. Further, the Compensation Committee has adopted the Policy on Recoupment of Performance-Based Incentives as a means of discouraging unnecessary or excessive risk taking.

#### Compensation Committee Report

Notwithstanding anything to the contrary set forth in any of our previous or future filings under the Securities Act of 1933 or the Securities Exchange Act of 1934 that might incorporate this proxy statement or future filings with the Securities and Exchange Commission, in whole or part, the following report shall not be deemed to be incorporated by reference into any such filing.

The Compensation Committee has reviewed and discussed with our management the Compensation Discussion and Analysis beginning on page 22 of this proxy statement. Based on such review and discussions, the Compensation Committee recommended to the board that the Compensation Discussion and Analysis be included in this proxy statement.

COMPENSATION AND  
MANAGEMENT  
DEVELOPMENT COMMITTEE  
Jon A. Grove, Chair  
Katherine A. Cattanach  
Eric J. Foss (term as a director  
expires at the annual meeting)  
Lynne B. Sagalyn



## Compensation of Executive Officers

The executive officers named in the table below are referred to in this proxy statement as the “named executive officers.” The table below summarizes for each of the named executive officers the compensation amounts paid or earned for the fiscal years ended December 31, 2012, December 31, 2013 and December 31, 2014 (except in the case of Mr. Herzog, who joined UDR in January 2013).

## Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards(1) (\$)	Option Awards(1) (\$)	Non-Equity Incentive Plan Compensation (\$)	Change In Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation (\$)	Total Compensation (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Thomas W. Toomey <sup>(2)</sup> Chief Executive Officer and President	2014	\$750,000	-0-	\$3,674,581	-0-	\$1,975,000	-0-	\$15,511	\$6,415,092
	2013	\$750,000	-0-	\$3,778,596	-0-	\$1,920,000	-0-	\$12,328	\$6,460,924
	2012	\$750,000	-0-	-0-	-0-	\$1,375,000	-0-	\$11,981	\$2,136,981
Warren L. Troupe <sup>(3)</sup> Senior Executive Vice President	2014	\$475,000	-0-	\$1,377,959	-0-	\$1,272,000	-0-	\$22,336	\$3,147,295
	2013	\$450,000	-0-	\$1,416,976	-0-	\$1,320,000	-0-	\$20,504	\$3,207,480
	2012	\$450,000	-0-	-0-	-0-	\$1,040,000	-0-	\$20,112	\$1,510,112
Jerry A. Davis <sup>(4)</sup> Chief Operating Officer	2014	\$400,000	-0-	\$1,377,959	-0-	\$1,173,000	-0-	\$21,340	\$2,972,299
	2013	\$325,000	-0-	\$1,133,577	-0-	\$1,100,000	-0-	\$24,462	\$2,583,039
	2012	\$325,000	-0-	-0-	-0-	\$1,267,000	-0-	\$23,991	\$1,615,991
Thomas M. Herzog <sup>(5)</sup> Senior Vice President and Chief Financial Officer	2014	\$400,000	-0-	\$1,102,377	-0-	\$1,106,000	-0-	\$20,478	\$2,628,855
	2013	\$330,000	-0-	\$1,150,595	-0-	\$1,005,000	-0-	\$11,333	\$2,496,927
Harry G. Alcock <sup>(6)</sup> Senior Vice President - Asset Management	2014	\$400,000	-0-	\$1,286,114	-0-	\$1,000,000	-0-	\$16,542	\$2,702,656
	2013	\$325,000	-0-	\$1,322,510	-0-	\$1,075,000	-0-	\$16,580	\$2,739,090
	2012	\$325,000	-0-	-0-	-0-	\$1,200,000	-0-	\$16,011	\$1,541,011

(1) The dollar amounts reflected in the “Stock Awards” column represent the aggregate grant date fair value, computed in accordance with FASB ASC Topic 718, of grants of shares that vest over multiple years. The dollar amounts

reflected in the “Option Awards” column represent the aggregate grant date fair value of the option awards, computed in accordance with FASB ASC Topic 718. For information regarding the valuation assumptions used in computing grant date fair value, refer to the note entitled “Employee Benefit Plans” in the Notes to our Consolidated Financial Statements included in our Annual Reports on Form 10-K for the fiscal years ended December 31, 2014, 2013 and 2012, as applicable.

“Stock Awards” for 2014 includes the aggregate grant date fair value of restricted shares of our common stock awarded under the Company’s long term incentive program. The threshold, target and maximum for this award were determined in February 2014, and the amount of the award was determined in February 2015 based upon the (2) achievement of the performance metrics. The maximum amount of the award was \$7,000,000. “All Other Compensation” includes \$7,273 for Company paid health insurance (including dental) in 2014, \$5,000 for Company paid life insurance, accidental death and disability insurance and disability insurance in 2014 and \$3,238 for the Company funded non-discretionary 401(k) Plan matching contribution.

“Stock Awards” for 2014 includes the aggregate grant date fair value of restricted shares of our common stock awarded under the Company’s long term incentive program. The threshold, target and maximum for this award were determined in February 2014, and the amount of the award was determined in February 2015 based upon the (3) achievement of the performance metrics. The maximum amount of the award was \$2,625,000. “All Other Compensation” includes \$7,978 for Company paid health insurance (including dental) in 2014, \$5,000 for Company paid life insurance, accidental death and disability and disability insurance in 2014 and \$9,358 for the Company funded non-discretionary 401(k) Plan matching contribution.

“Stock Awards” for 2014 includes the aggregate grant date fair value of restricted shares of our common stock awarded under the Company’s long term incentive program. The threshold, target and maximum for this award were determined in February 2014, and the amount of the award was determined in February 2015 based upon the (4) achievement of the performance metrics. The maximum amount of the award was \$2,525,000. “All Other Compensation” includes \$11,580 for Company paid health insurance (including dental) in 2014, \$5,000 for Company paid life insurance, accidental death and disability and disability insurance in 2014 and \$4,760 for the Company funded non-discretionary 401(k) Plan matching contribution.

“Stock Awards” for 2014 includes the aggregate grant date fair value of restricted shares of our common stock awarded under the Company’s long term incentive program. The threshold, target and maximum for this award were determined in February 2014, and the amount of the award was determined in February 2015 based upon the achievement of the performance metrics. The maximum amount of the award was \$2,100,000. Mr. Herzog was (5) granted a \$100,000 restricted stock award on February 5, 2015 as a component of his 2014 short term incentive compensation which will vest ratably over four years. “All Other Compensation” includes \$7,978 for Company paid health insurance (including dental) in 2014, \$5,000 for Company paid life insurance, accidental death and disability and disability insurance in 2014 and \$7,500 for the Company funded non-discretionary 401(k) Plan matching contribution.

“Stock Awards” for 2014 includes the aggregate grant date fair value of restricted shares of our common stock awarded under the Company’s long term incentive program. The threshold, target and maximum for this award were determined in February 2014, and the amount of the award was determined in February 2015 based upon the (6) achievement of the performance metrics. The maximum amount of the award was \$2,450,000. “All Other Compensation” includes \$11,542 for Company paid health insurance (including dental) in 2014 and \$5,000 for Company paid life insurance, accidental death and disability and disability insurance in 2014.

## Grants of Plan-Based Awards Table

The following table provides information concerning each grant of a plan-based award made to a named executive officer in the 2014 fiscal year.

Name (a)	Award Type (b)	Grant Date (c)	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (j)	All Other Exercise Options: Number of Options Underlying Awards (\$/Sh) (k)	Grant Date Fair Value of Stock and Option Awards (\$/Sh) (l)
			Threshold (\$) (d)	Target (\$) (e)	Maximum (\$) (f)	Threshold (#) (g)	Target (#) (h)	Maximum (#) (i)			
Thomas W. Toomey	STI	2/6/2014	\$375,000	\$1,500,000	\$2,250,000				—	—	—
	LTI	2/6/2014				39,588	158,353	277,118	—	—	\$3,674,581
Warren L. Troupe	STI	2/6/2014	\$475,000	\$1,050,000	\$1,575,000				—	—	—
	LTI	2/6/2014				14,846	59,382	103,919	—	—	\$1,377,959
Jerry A. Davis	STI	2/6/2014	\$425,000	\$875,000	\$1,325,000				—	—	—
	LTI	2/6/2014				14,846	59,382	103,919	—	—	\$1,377,959
Thomas M. Herzog	STI	2/6/2014	\$300,000	\$700,000	\$1,050,000				—	—	—
	LTI	2/6/2014				11,877	47,506	83,136	—	—	\$1,102,377
Harry G. Alcock	STI	2/6/2014	\$425,000	\$875,000	\$1,325,000				—	—	—
	LTI	2/6/2014				13,856	55,424	96,992	—	—	\$1,286,114

## Narrative Disclosure to Summary Compensation

## Table and Grants of Plan-Based Awards Table

## Long Term Incentive Compensation

The Compensation Committee determined in February 2014 that grants of performance-based awards consisting of restricted stock, with the amounts that vest based on performance measured by achievement of pre-determined targets over a one-year performance cycle were the best means for aligning the potential value to be paid to the Company's management with the potential value that can now be created for stockholders over the performance cycle. These 2014 awards were based upon performance metrics which focus on stockholder value creation and operating performance that align with the Company's key strategic priorities. The awards focus on the Company's performance as measured by FFO (50%) and the Company's TSR (50%) based on the Company's TSR performance relative to eleven comparable apartment REITs. The FFO performance metric was selected and weighted at 50% for these awards to recognize the relative importance of FFO growth in driving overall stockholder value, while the TSR performance metric was selected and weighted at 50% in order to underscore the overall importance of the return to the Company's stockholders, and to align the interests of management with the interests of stockholders. The threshold, target and maximum dollar values for the awards were established in February of 2014, and the actual amount that vested was determined in February 2015 based upon actual achievement of the above-referenced performance metrics. Dividends

accrue on the shares of restricted stock and once the shares vest the dividends are automatically reinvested into additional shares of restricted stock. In the event that all or part of an award does not vest then the restricted shares and accrued dividends shall be cancelled. Each award vests pro rata over three years commencing with the establishment of the award and continuing for two years following determination of the amount of the award at the end of the annual performance period. See “Compensation Discussion and Analysis - The Compensation of Our Named Executive Officers for 2014 - LTI Compensation.”

**Matching 401(k) Contributions**

In 2014, Messrs. Toomey, Troupe, Davis and Herzog each received a non-discretionary 401(k) matching contribution made by us in the amount of \$3,238, \$9,358, \$4,760 and \$7,500, respectively. In 2013, Messrs. Troupe and Davis each received a non-discretionary 401(k) matching contribution made by us in the amount of \$7,500. In 2012, Messrs. Troupe and Davis each received a non-discretionary 401(k) matching contribution made by us in the amount of \$7,500.

Outstanding Equity Awards at 2014 Fiscal Year-End

The following table provides information concerning unexercised options, stock that has not vested and equity incentive plan awards for each named executive officer outstanding as of the end of the 2014 fiscal year.

Name	Option Awards					Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (#)
	Number of Securities Underlying Unexercised Option (#) Exercisable	Number of Securities Underlying Unexercised Option (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares of Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Thomas W. Toomey	187,751	--	--	\$24.38	2/7/18	9,219	\$284,130	--	--
	1,680,672	--	--	\$10.06	2/12/19	90,833	2,799,473	--	--
						162,872	5,019,715		
Warren L. Troupe	216,540	--	--	\$24.38	3/3/18	34,062	\$1,049,791	--	--
	150,000	--	--	\$10.06	2/12/19	61,077	1,882,393	--	--
Jerry A. Davis	14,639	--	--	\$25.10	4/1/15	11,853	\$365,309	--	--
	--	--	--	--	--	6,356	195,892	--	--
	--	--	--	--	--	27,250	839,845	--	--
						61,077	1,882,393		
Thomas M. Herzog						6,457	\$199,005	--	--
						22,709	699,891		
						48,862	1,505,927		
Harry G. Alcock	--	--	--	--	--	6,585	\$202,950	--	--
	--	--	--	--	--	8,475	261,200	--	--
						31,791	979,799		
						57,006	1,756,925		

The following table provides grant and vesting dates as of December 31, 2014 for each of the unvested stock awards listed in the table above.

	Grant Date	Unvested Shares	Vesting Date
Thomas W. Toomey	2/10/2012	9,219	vests on 2/10/15

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	2/6/2013	90,833	vests on 12/31/15
	2/6/2014	162,872	1/3 vests on 2/5/15 and 1/3 vests on each of 12/31/15 and 12/31/16
Warren L. Troupe	2/6/2013	34,062	vests on 12/31/15
	2/6/2014	61,077	1/3 vests on 2/5/15 and 1/3 vests on each of 12/31/15 and 12/31/16
Jerry A. Davis	2/10/2012	11,853	vests on 2/10/2015
	2/8/2013	6,356	1/3 vests on each of 2/8/2015, 2/8/2016 and 2/8/2017
	2/6/2013	27,250	vests on 12/31/15
	2/6/2014	61,077	1/3 vests on 2/5/15 and 1/3 vests on each of 12/31/15 and 12/31/16
Thomas M. Herzog	1/1/2013	6,457	1/3 vests on each of 1/1/2015, 1/1/2016 and 1/1/2017
	2/6/2013	22,709	vests on 12/31/15
	2/6/2014	48,862	1/3 vests on 2/5/15 and 1/3 vests on each of 12/31/15 and 12/31/16
Harry G. Alcock	2/10/2012	6,585	vests on 2/10/15
	2/8/2013	8,475	vests on 2/8/2016
	2/8/2013	31,791	vests on 12/31/15
	2/6/2014	57,006	1/3 vests on 2/5/15 and 1/3 vests on each of 12/31/15 and 12/31/16

## Option Exercises and Stock Vested

The following table provides information concerning exercise of stock options and vesting of stock during the 2014 fiscal year for each of the named executive officers.

Name (a)	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#) (b)	Value Realized on Exercise (\$) (c)	Number of Shares Acquired on Vesting (#) (d)	Value Realized on Vesting (\$) (e)
Thomas W. Toomey	--		190,748	\$5,328,581
Warren L. Troupe	164,285	\$3,151,160	68,074	\$1,908,940
Jerry A. Davis	--		58,196	\$1,620,791
Thomas M. Herzog	--		47,536	\$1,322,737
Harry G. Alcock	--		70,121	\$1,951,773

## Pension Benefits Table

We do not have any pension plans for our associates. We do have a 401(k) plan and our matching contributions are included in the Summary Compensation Table under the heading "All Other Compensation."

## Nonqualified Deferred Compensation Table

We do not have any nonqualified deferred compensation plans for our associates.

## Employment and Other Agreements

We do not have employment agreements or arrangements with any of our other named executive officers other than the agreements and compensation programs described elsewhere in this proxy statement.

In December 2011, we entered into an aircraft time-share agreement with each of Messrs. Toomey and Troupe. Under each aircraft time-share agreement, we have agreed to lease an aircraft, including crew and flight services, to Messrs. Toomey and Troupe for personal flights from time to time upon their request. Messrs. Toomey and Troupe will pay us a lease fee as may be set by the board from time to time for the flight expenses that may be charged under applicable regulations. We will invoice Mr. Toomey and Mr. Troupe on the last day of the month in which any respective flight occurs. Each aircraft time-share agreement will remain in effect until December 15, 2014, and each agreement may be terminated by either party upon ten days' prior written notice. Each agreement automatically terminates upon the date either Mr. Toomey or Mr. Troupe, respectively, are no longer employed by us.

In 2014, Mr. Toomey paid us \$119,952 and Mr. Troupe paid us \$0 for aircraft lease payments as contemplated by these agreements.

## Post-Employment Compensation - Severance, Change of Control and Other Arrangements

**Change of Control.** Under the provisions of our 1999 Long-Term Incentive Plan, all outstanding options, stock appreciation rights and other awards that may be exercised generally become fully exercisable and all restrictions on outstanding awards will lapse upon the occurrence of a change of control unless otherwise provided in the award agreement. "Change of control" is defined in the Plan as (1) a merger or consolidation in which we are not the surviving entity, except for a transaction the principal purpose of which is to change the state in which we are incorporated; (2) the transfer or sale of all or substantially all of our assets other than to an affiliate or subsidiary of ours; (3) the liquidation of our Company; (4) the acquisition by any person, or by a group of persons acting in concert, of more than 50% of our outstanding voting securities, which results in the resignation or addition of 50% or more independent members of our board; (5) certain reverse mergers in which the Company is the surviving entity or (6) a change in the composition of the board over a period of 12 months or less such that a majority of the board ceases, by





reason of one or more contested elections, to be comprised of individuals who are “continuing directors” (as defined in the Plan). The Plan also provides an exception to the rule that the Compensation Committee may provide that unexercised awards will expire in the event of a change in control if the change in control results from a change in the composition of the board, including a change in the composition of the board resulting from the acquisition of more than 50% of the Company’s outstanding voting securities.

If a change in control occurred effective as of December 31, 2014, the value of the cash payments and the benefits provided (based on the exercise of options and the release of restrictions on previously granted stock awards) to each of the named executive officers would have been as follows:

Name	Cash Payments	Value of Outstanding Options	Value of Outstanding Restricted Stock Awards	Value of Unused Vacation	Total
Thomas W. Toomey		\$36,099,867	\$8,103,318	\$83,257	\$44,286,442
Warren L. Troupe		\$4,508,518	\$2,932,184	\$54,808	\$7,495,509
Jerry A. Davis		\$83,735	\$3,283,440	\$9,827	\$3,377,002
Thomas M. Herzog		--	\$2,404,823	\$23,077	\$2,427,900
Harry G. Alcock		--	\$3,200,873	\$29,881	\$3,230,754

Death, Disability or Retirement. Our 1999 Long-Term Incentive Plan provides that, unless otherwise provided in the award agreement, upon a participant’s death, disability or retirement, all outstanding options, stock appreciation rights and other awards that may be exercised shall become fully exercisable, and all restrictions on outstanding stock awards shall lapse. If the death, disability or retirement of each of our named executive officers occurred as of December 31, 2014, the benefits provided (based upon the exercise of options and the release of restrictions on previously granted stock awards) would have been as follows:

Name	Value of Outstanding Options	Value of Outstanding Restricted Stock Awards	Total
Thomas W. Toomey	\$ 36,099,867	\$ 8,103,318	\$ 44,203,185
Warren L. Troupe	\$ 4,508,518	\$ 2,932,184	\$ 7,440,702
Jerry A. Davis	\$ 83,735	\$ 3,283,440	\$ 3,367,175
Thomas M. Herzog	--	\$ 2,404,823	\$ 2,404,823
Harry G. Alcock	--	\$ 3,200,873	\$ 3,200,873

Severance Benefits. We believe that, in order to attract and retain the best management talent, companies should provide reasonable severance benefits to employees. We believe these severance benefits should reflect the fact that it may be difficult for employees to find comparable employment within a short period of time. They also should disentangle the Company from the former employee as soon as practicable. With respect to our senior management, severance benefits are individually negotiated.

We currently do not have any contractual severance arrangements with our named executive officers.

## Compensation Risks

We have reviewed our overall compensation programs and practices for our employees, and we believe that any risks arising from those compensation policies and practices are not reasonably likely to have a material adverse effect on the Company. In reaching this conclusion, we reviewed the incentives created by our compensation policies and practices, how those incentives may create risks, and the mitigating factors or controls that addressed the potential adverse effect of any such risks. As with the compensation programs and practices in place for our executive officers, we do not believe that any of our incentive compensation arrangements for employees encourage them to take unnecessary or excessive risks that could threaten the value of our Company.

## Review, Approval or Ratification of Transactions with Related Persons

Our board has adopted a policy relating to the review, approval and ratification of transactions with related persons. The Company recognizes that there are situations where related person transactions may be in, or not inconsistent with, the best interest of the Company and therefore the board adopted a written policy to provide a procedure for the review, approval or ratification of related person transactions. The policy applies to any transaction, the amount of which exceeds \$120,000, between the Company and any person who is a director, executive officer or the beneficial owner of more than 5% of any class of the Company's voting securities, and in which such related person had, has or will have a direct or indirect interest. Any related person transaction is subject to approval by the board or the executive committee of the board.

## Equity Compensation Plan Information

The following table provides information about shares of our common stock that we may issue upon the exercise of options, warrants and rights under our existing equity compensation plans. All information is provided as of December 31, 2014. Our 1999 Long-Term Incentive Plan is our only stockholder approved equity compensation plan.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
(a)	(b)	(c)	(c)
Equity compensation plans approved by the security holders	2,265,842	\$12.82	10,067,371
Equity compensation plans not approved by the security holders	—	—	—
Total	2,265,842	\$12.82	10,067,371

The weighted average remaining term of the outstanding options is 3.4 years and we have no unvested full value awards outstanding as of December 31, 2014.



#### AUDIT COMMITTEE REPORT

Notwithstanding anything to the contrary set forth in any of our previous or future filings under the Securities Act of 1933 or the Securities Exchange Act of 1934 that might incorporate this proxy statement or future filings with the Securities and Exchange Commission, in whole or part, the following report shall not be deemed to be incorporated by reference into any such filing.

The Audit Committee has reviewed and discussed our unaudited financial statements for the quarters ended March 31, June 30 and September 30, 2014 and our December 31, 2014 audited financial statements with management and with Ernst & Young LLP, our independent accountants. Each member of the Audit Committee is “independent” in accordance with the applicable corporate governance listing standards of the NYSE.

The Audit Committee has also discussed with Ernst & Young LLP the matters required to be discussed by Auditing Standard No. 16, Communications with Audit Committees, as adopted by the Public Company Accounting Oversight Board.

In addition, the Audit Committee has received from Ernst & Young LLP the written disclosures required by Rule 3526 of the Public Company Accounting Oversight Board, Communication with Audit Committees Concerning Independence, regarding their independence, and has discussed with Ernst & Young LLP their independence relative to us, including whether the provision of their services is compatible with maintaining Ernst & Young LLP’s independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the board that the December 31, 2014 audited financial statements be included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission.

#### AUDIT COMMITTEE

Robert P. Freeman, Chair

Katherine A. Cattanach

Robert A. McNamara

Mark R. Patterson

## AUDIT MATTERS

## Audit Fees

In connection with the audit of the 2014 financial statements, we entered into an engagement agreement with Ernst & Young LLP which set forth the terms by which Ernst & Young LLP will perform audit services for us. That agreement is subject to alternative dispute resolution procedures.

The following table sets forth the aggregate fees billed or to be billed by Ernst & Young LLP for the following services during fiscal 2014 and fiscal 2013.

Description of Services	2014	2013
Audit Fees <sup>(1)</sup>	\$1,387,500	\$1,270,000
Audit-Related Fees <sup>(2)</sup>	—	—
Tax Fees <sup>(3)</sup>	—	—
All Other Fees	—	—
Total	\$1,387,500	\$1,270,000

Audit fees consist of fees for the audit and review of the Company's consolidated financial statements, acquisition (1) audits, statutory audits, comfort letters, consents, debt covenant letters and assistance with and review of documents filed with the SEC.

Audit-related fees consist of fees for audit-related fees for partnership and benefit plan audits, review of proxy (2) materials, accounting advice in connection with specific transactions, internal control reviews and various attestation engagements.

(3) Tax fees consist of fees for tax compliance, tax advisory services (1031 and state planning) and tax planning.

## Pre-Approval Policies and Procedures

The charter of the Audit Committee provides that the Audit Committee is responsible for the pre-approval of all audit and permitted non-audit services to be performed for the Company by the independent auditors. All of the fees paid to the independent auditors that are shown in the chart above for 2014 were approved by the Audit Committee in accordance with the procedures described below.

The Audit Committee reviews at its meetings audit and non-audit services proposed to be provided by the independent registered public accounting firm. The Committee has delegated to the Chair, or an alternate member of the Audit Committee, the authority to grant pre-approvals if either deems it necessary or appropriate to consider a pre-approval request without a meeting of the full Audit Committee. Pre-approvals by the Chair or alternate member are reviewed with the Audit Committee at its next regularly scheduled meeting.

In considering the pre-approval of proposed audit or non-audit services by the independent auditors, management reviews with the Audit Committee or its delegate, a description of and the budget for the proposed service and the reasons that the independent auditors are being requested to provide the services, including any possible impact on the independence of the independent auditors. Additional Audit Committee approval is required if the pre-approved services exceed the pre-approved budgeted amount for the services.

PROPOSAL NO. 2

RATIFICATION OF APPOINTMENTS OF INDEPENDENT AUDITORS

Ernst & Young LLP, independent registered public accounting firm, served as our auditors for fiscal 2014. Our Audit Committee has selected Ernst & Young LLP to audit our financial statements for fiscal 2015. We expect that a representative of Ernst & Young LLP will be present at the meeting, will have the opportunity to make a statement if he or she desires to do so and will be available to answer any appropriate questions from stockholders.

Vote Required and Board of Directors' Recommendation

Although it is not required to do so, the board is submitting the Audit Committee's selection of our independent registered public accounting firm for ratification by the stockholders at the meeting in order to ascertain the view of our stockholders regarding such selection. The affirmative vote of a majority of the votes cast at the meeting will be required to approve this proposal. In the event the stockholders do not ratify this appointment, the Audit Committee will reconsider its selection, but still may determine that the appointment of our independent registered public accounting firm is in the best interests of the Company and its stockholders. Even if the appointment is ratified by the stockholders, the Audit Committee, in its discretion, may appoint a different independent registered public accounting firm at any time during the year if the Audit Committee determines that such a change would be in the best interests of the Company and its stockholders.

ü Our board recommends that the stockholders vote "FOR" the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal 2015.

PROPOSAL NO. 3

ADVISORY VOTE ON EXECUTIVE COMPENSATION

Section 14A of the Exchange Act enables our stockholders to vote to approve, on an advisory basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the SEC's rules.

As described in detail under the heading "Executive Compensation - Compensation Discussion and Analysis," our executive compensation programs are designed to attract and retain executive talent and to align the interests of our named executive officers with the interests of the Company and our stockholders by providing market competitive compensation that is closely tied to short-term and long-term performance goals set by our Compensation Committee. The compensation of our named executive officers is comprised of a mix of base salary, short-term incentive compensation and long-term incentive compensation. Please read the "Executive Compensation" section beginning on page 22, which includes the Compensation Discussion and Analysis, the tabular disclosure regarding the compensation of our named executive officers and the accompanying narrative disclosure set forth in this proxy statement for additional details about our executive compensation programs, including information about the fiscal year 2014 compensation of our named executive officers.

We are asking our stockholders to indicate their support for our named executive officer compensation as described in this proxy statement. Accordingly, our board is asking our stockholders to cast a non-binding advisory vote "FOR" the following resolution at the annual meeting:

"RESOLVED, that the Company's stockholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the Company's Proxy Statement for the 2015 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and disclosure."

Vote Required and Board of Directors' Recommendation

The vote on the compensation of our named executive officers as disclosed in this proxy statement is advisory, and therefore not binding on the Company, the Compensation Committee or our board. Our board and our Compensation Committee value the opinions of our stockholders and to the extent there is any significant vote against the named executive officer compensation as disclosed in this proxy statement, we will consider our stockholders' concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns. We have determined that our stockholders should cast an advisory vote on the compensation of our named executive officers on an annual basis. Unless this policy changes, the next advisory vote on the compensation of our named executive officers will be at the 2016 annual meeting of stockholders. The affirmative vote of a majority of votes cast is required to approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the Company's proxy statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and disclosure.

ii Our board recommends that the stockholders vote "FOR" the approval of the compensation of our named executive officers, as disclosed in this proxy statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission.

## FREQUENTLY ASKED QUESTIONS ABOUT THE ANNUAL MEETING

Why did you provide this proxy statement to me?

We are providing this proxy statement and proxy card to you on the Internet or, upon your request, we are sending printed versions of this proxy statement and proxy card to you by mail, because you owned shares of our common stock and/or our Series E preferred stock or our Series F preferred stock at the close of business on March 23, 2015, which is the record date for the meeting. This proxy statement describes matters on which we would like you, as a stockholder, to vote. It also gives you information on these matters so that you can make an informed decision. The holders of shares of our common stock and our Series E and Series F preferred stock outstanding at the close of business on the record date are entitled to receive notice of the meeting and are entitled to one vote for each share held on each proposal presented at the meeting. Cumulative voting is not permitted. At the record date of March 23, 2015, we had 258,981,548 shares of common stock, 2,803,812 shares of our Series E preferred stock and 2,464,183 shares of Series F preferred stock issued and outstanding.

When you vote, you appoint James D. Klingbeil and Thomas W. Toomey, or either of them, as your representatives at the meeting. Messrs. Klingbeil and Toomey will vote your shares at the meeting as you instructed them when you voted. This way, your shares will be voted whether or not you attend the meeting. Even if you plan to attend the meeting, you should vote by telephone, through the Internet or, if you have requested and received a paper copy of the proxy statement, by completing, signing and returning the paper proxy card enclosed with this proxy statement in advance of the meeting, just in case your plans change.

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

In accordance with rules and regulations adopted by the SEC, instead of mailing a printed copy of our proxy materials to each stockholder of record, we may furnish proxy materials, including this proxy statement and our 2014 Annual Report, by providing access to such documents on the Internet. Most stockholders will not receive printed copies of the proxy materials unless they request them, in which case printed copies of the proxy materials will be provided at no charge.

Instead of mailing a printed copy of our proxy materials to each stockholder of record, a Notice of Internet Availability of Proxy Materials (the "Notice of Internet Availability") was mailed to such stockholders on or about April 8, 2015 that instructs you as to how you may access and review all of the proxy materials on the Internet. The Notice of Internet Availability also instructs you as to how you may submit your proxy on the Internet or by telephone.

Any stockholder may request to receive proxy materials in printed form by mail or electronically by e-mail on an ongoing basis by following the instructions set forth in the Notice of Internet Availability. Choosing to receive future proxy materials by e-mail will save us the cost of printing and delivering documents to stockholders and will reduce the environmental impact of our annual meetings. A stockholder's election to receive proxy materials by e-mail will remain in effect until the stockholder terminates the election.

What constitutes a quorum in order to hold and transact business at the meeting?

The presence, in person or by proxy, of holders of at least a majority of the total number of shares of our outstanding common stock, Series E preferred stock and Series F preferred stock, taken together, as of the record date, constitutes a quorum that is required to hold the meeting and to conduct business. If a quorum is not present at the meeting, the meeting may be adjourned from time to time until a quorum is obtained. Your shares will be counted as being present at the meeting if you vote your shares in person at the



meeting, if you vote your shares by telephone or through the Internet, or if you submit a properly executed proxy card. Votes against a particular proposal will be counted to determine the presence of a quorum. Abstentions, broker non-votes, which are explained below, and shares as to which authority to vote on any proposal is withheld, are each included in the determination of the number of shares present at the meeting for purposes of obtaining a quorum. Each will be tabulated separately.

How do I vote?

For Shares Directly

Registered in Your Name:

If you hold your shares in your own name as holder of record with Wells Fargo Shareowner Services, there are four different ways to vote:

- Internet: You can go to [www.proxyvote.com](http://www.proxyvote.com) and vote through the Internet.
- Telephone: You can submit your vote by proxy over the telephone by following the instructions provided on the separate proxy card if you received a printed set of the proxy materials.
- Mail: If you have requested and received a paper copy of the proxy statement, you can mark, sign, date and return the paper proxy card enclosed with the proxy statement in the postage-paid envelope that we have provided to you. Please note that if you vote through the Internet or by telephone, you do not need to return your proxy card.
- In person: If you are a stockholder as of the record date, you may vote in person at the meeting. Submitting a proxy prior to the meeting will not prevent a stockholder from attending the meeting and voting in person.

All valid proxies received and not revoked prior to the meeting will be voted in accordance with each stockholder's instructions.

For Shares Held in  
"Street Name:"

If your shares are held by a brokerage firm, bank or other nominee (i.e., in "street name"), you will receive instructions from your nominee that you must follow in order to have your shares voted. "Street name" stockholders who wish to vote in person at the meeting will need to obtain a proxy form from the brokerage firm, bank or other nominee that holds their shares of record.

In addition, a number of brokers and banks are participating in a program provided through Broadridge Financial Solutions, Inc. ("Broadridge") that offers telephone and Internet voting options. This program is different from the program provided by Wells Fargo Shareowner Services for shares registered directly in the name of the stockholder. If your shares are held in an account with a broker or a bank participating in the Broadridge program, you may vote those shares telephonically by calling the telephone number shown on the voting form received from your broker or bank, or via the Internet at the Broadridge voting website ([www.proxyvote.com](http://www.proxyvote.com)).

How will my proxy be voted?

All shares represented by properly executed proxies received in time for the meeting will be voted at the meeting in accordance with the instructions marked thereon or otherwise as provided therein, unless such proxies have previously been revoked. Unless instructions to the contrary are marked, or if no instructions are specified, shares represented by proxies will be voted:



FOR the election of all nominees for director.

FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal 2015.

FOR the approval, on an advisory basis, of the compensation of our named executive officers disclosed in this proxy statement.

Will other matters be voted on at the annual meeting?

We have not received notice of any other matters that may properly be presented at the meeting. However, if a matter comes up for vote at the meeting that is not described in this proxy statement or listed on the proxy card, Messrs. Klingbeil and Toomey will vote your shares, under your proxy, in their discretion. It is the intention of Messrs. Klingbeil and Toomey to vote the shares they represent as directed by the board.

Can I revoke my proxy and change my vote?

Yes. If you are a record holder of your shares, you may revoke your proxy at any time prior to the date of the meeting by:

submitting a later-dated vote in person at the meeting, through the Internet, by telephone or, if you originally voted by returning a paper proxy card to us, by mail; or

delivering instructions to the attention of the Corporate Secretary at 1745 Shea Center Drive, Suite 200, Highlands Ranch, Colorado 80129-1540. Any notice of revocation sent to us must include the stockholder's name and must be received prior to the date of the meeting to be effective.

If you hold your shares in "street name," you should follow the directions provided by your broker or other nominee regarding how to revoke your proxy.

What vote is required for the proposals if a quorum is present?

The affirmative vote of a plurality of the votes cast with respect to Proposal No. 1 is required to elect directors.

The affirmative vote of a majority of the votes cast is required to approve Proposal No. 2, the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal 2015.

The affirmative vote of a majority of the votes cast is required to approve, on an advisory basis, the compensation of our named executive officers disclosed in this proxy statement, as specified in Proposal No. 3.

What is an abstention, and how will it affect the vote on a proposal?

An "abstention" occurs when the beneficial owner of shares is present, in person or by proxy, and entitled to vote at the meeting (or when a nominee holding shares for a beneficial owner is present and entitled to vote at the meeting), but such person does not vote on the particular proposal. For purposes of Proposal Nos. 1, 2 and 3, abstentions will not be counted as votes cast and will have no effect on the results of the vote with respect to such proposals. Abstentions will be considered present for the purpose of determining the presence of a quorum.

What are broker non-votes, and how will they affect the vote on a proposal?

A “broker non-vote” occurs when a broker or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have the discretionary voting power with respect to that proposal and has not received instructions from the beneficial owner. Under applicable rules, brokers or other nominees have discretionary voting power with respect to matters that are considered routine, but not with respect to non-routine matters. A broker or other nominee cannot vote without instructions on non-routine matters, therefore there may be broker non-votes on any such proposals. Broker non-votes will have no effect on the voting results for the Proposals, although they will be considered present for the purpose of determining the presence of a quorum.

The effect of broker non-votes is summarized in the table below:

	Proposal No. 1: Election of Directors	Proposal No. 2: Ratification of Independent Registered Public Accounting Firm	Proposal No. 3: Advisory Vote on Executive Compensation
Status of the matter	Non-routine	Routine	Non-Routine
Possibility of broker non-votes on the Proposal	Yes	No	Yes
Status of broker non-votes for purposes of determining whether stockholder approval has been obtained for the Proposal	Broker non-votes are not deemed to be votes cast	N/A	Broker non-votes are not deemed to be votes cast
Status of broker non-votes for quorum purposes	Considered present	N/A	Considered present
Who will tabulate the votes?			

Broadridge will tabulate votes cast by proxy by an automated system. Votes cast by proxy or in person at the meeting will be counted by the persons appointed by us to act as election inspectors for the meeting.

Who is soliciting the proxy, and who will pay for the proxy solicitation?

This solicitation is being made on behalf of our board, but may also be made without additional remuneration by our officers or employees by telephone, telegraph, facsimile transmission, e-mail or personal interview. We will bear the expense of the preparation, printing and delivery of the enclosed form of proxy, notice of annual meeting of stockholders and this proxy statement and any additional materials relating to the meeting that may be furnished to our stockholders by our board subsequent to the furnishing of this proxy statement. We will reimburse banks and brokers who hold shares in their name or custody, or in the name of nominees for others, for their out-of-pocket expenses incurred in forwarding copies of the proxy materials to those persons for whom they hold such shares. To obtain the necessary representation of stockholders at the meeting, supplementary solicitations may be made by mail, telephone or interview by our officers or employees, without additional compensation.

Where do I find the voting results of the meeting?

We will announce the preliminary voting results at the meeting and publish the final results in a Current Report on Form 8-K filed with the SEC within four business days following the meeting.

## OTHER MATTERS

### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers and directors and persons who own more than 10% of a registered class of our equity securities to file reports of ownership on Form 3 and changes in ownership on Form 4 or 5 with the SEC. Such executive officers, directors and 10% stockholders are also required by SEC rules to furnish us with copies of all Section 16(a) reports they file.

To our knowledge, based solely on our review of the copies of such forms received by us or written representations from certain reporting persons that no other reports were required for such persons, we believe that, during fiscal 2014, our executive officers, directors and 10% stockholders complied with all applicable Section 16(a) filing requirements.

### Delivery of Voting Materials

To reduce the expenses of delivering duplicate materials to our stockholders, we are delivering one copy of the Notice of Internet Availability to stockholders who share the same address unless otherwise requested. The Notice of Internet Availability will instruct you as to how you may access and review all of the proxy materials on the Internet. The Notice of Internet Availability also instructs you as to how you may submit your proxy through the Internet. If you would like to receive a paper or e-mail copy of the proxy materials, you should follow the instructions for requesting such materials in the Notice of Internet Availability.

If you share an address with another stockholder and have received only one copy of the Notice of Internet Availability, and would like to request a separate copy of the Notice of Internet Availability, you may write or call us to request a separate copy of the Notice of Internet Availability at no cost to you. For future annual meetings, you may request a separate copy of the Notice of Internet Availability or request that we only send one copy of the Notice of Internet Availability to you if you are receiving multiple copies by calling us at (720) 283-6120 or by writing to us to the attention of Investor Relations, 1745 Shea Center Drive, Suite 200, Highlands Ranch, Colorado 80129-1540.

### Annual Report

We will, upon written request and without charge, provide to any person solicited hereunder, a copy of our Annual Report on Form 10-K for the year ended December 31, 2014, including financial statements and financial statement schedules, as filed with the SEC. Requests should be addressed to the attention of Investor Relations, 1745 Shea Center Drive, Suite 200, Highlands Ranch, Colorado 80129-1540.

### Stockholder Proposals for the 2016 Annual Meeting of Stockholders

The submission deadline for stockholder proposals to be included in our proxy materials for the 2016 annual meeting of stockholders pursuant to Rule 14a-8 under the Exchange Act is December 10, 2015, except as may otherwise be provided in Rule 14a-8. All such proposals must be in writing and should be sent to our Corporate Secretary at 1745 Shea Center Drive, Suite 200, Highlands Ranch, Colorado 80129-1540.

### Advance Notice Procedures for the 2016 Annual Meeting of Stockholders

In accordance with our Amended and Restated Bylaws, any stockholder who intends to submit a proposal at our 2016 annual meeting of stockholders, or bring a director nominee before the meeting, must, in addition to complying with applicable laws and regulations and the requirements of our Amended and Restated Bylaws, provide written notice to us for consideration no sooner than November 10, 2015 and no later than December 10, 2015. Such notice should be sent to our Corporate Secretary at 1745 Shea Center

Drive, Suite 200, Highlands Ranch, Colorado 80129-1540. Please refer to the full text of our advance notice Bylaw provisions for additional information and requirements. A copy of our Amended and Restated Bylaws may be obtained by writing to our Corporate Secretary at the address listed above or by visiting the Investor Relations page of our website at [www.udr.com](http://www.udr.com) and then clicking on "Corporate Governance."

It is important that proxies be returned promptly. We depend upon all stockholders promptly signing and returning the enclosed proxy to avoid costly solicitation. You can save us considerable expense by signing and returning your proxy at once. You may also vote electronically through the Internet or by telephone as shown on the enclosed proxy card and as discussed above.

Dated: April 8, 2015

For the Board of Directors  
UDR, INC.

WARREN L. TROUPE  
Senior Executive Vice President  
and Corporate Secretary

## APPENDIX A

## NON-GAAP TO GAAP RECONCILIATIONS

The following table outlines our reconciliation of Net Income/(Loss) Attributable to UDR, Inc. to FFO, FFO as Adjusted, and AFFO for the year ended December 31, 2014 (dollars in thousands):

Net income/(loss) attributable to UDR, Inc.	\$154,334	
Distributions to preferred stockholders	(3,724)	)
Real estate depreciation and amortization, including discontinued operations	358,154	
Noncontrolling interests	5,508	
Real estate depreciation and amortization on unconsolidated joint ventures	42,133	
Net (gain)/loss on the sale of depreciable property, excluding TRS	(144,703)	)
Funds from operations ("FFO"), basic	\$411,702	
Distributions to preferred stockholders - Series E (Convertible)	3,724	
FFO, diluted	\$415,426	
FFO per common share, basic	\$1.58	
FFO per common share, diluted	\$1.56	
Weighted average number of common shares and OP Units outstanding - basic	260,775	
Weighted average number of common shares, OP Units, and common stock equivalents outstanding - diluted	265,728	
Impact of adjustments to FFO:		
Acquisition-related costs/(fees), including joint ventures	\$442	
Costs/(benefit) associated with debt extinguishment and tender offer	192	
(Gain)/loss on sale of land	1,056	
Net gain on prepayment of note receivable	(8,411)	)
Tax benefit associated with the conversion of certain TRS entities into REITs	(5,770)	)
Casualty-related (recoveries)/charges, net	541	
	\$(11,950)	)
FFO as Adjusted, diluted	\$403,476	
FFO as Adjusted per common share, diluted	\$1.52	
Recurring capital expenditures	(43,921)	)
AFFO	\$359,555	
AFFO per common share, diluted	\$1.35	

The following table summarizes the operating performance of our total property NOI (which includes discontinued operations) for each of the periods presented (dollars in thousands):

	Years Ended December 31, <sup>(a)</sup>			
	2014	2013	% Change	
<b>Same-Store Communities:</b>				
Same-store rental income	\$630,966	\$604,729	4.3	%
Same-store operating expense <sup>(b)</sup>	(190,128	) (185,512	) 2.5	%
Same-store NOI	440,838	419,217	5.2	%
<b>Non-Mature Communities/Other NOI:</b>				
Acquired communities NOI	17,788	14,997	18.6	%
Sold or held for sale communities NOI	14,108	28,662	(50.8	)%
Developed communities NOI	26,492	4,920	438.5	%
Redeveloped communities NOI	45,578	36,229	25.8	%
Commercial NOI and other	11,517	10,016	15.0	%
Total non-mature communities/other NOI	115,483	94,824	21.8	%
<b>Total Property NOI</b>	<b>\$556,321</b>	<b>\$514,041</b>	<b>8.2</b>	<b>%</b>

(a) Same-store consists of 34,581 apartment homes.

(b) Excludes depreciation, amortization, and property management expenses.

The following table is our reconciliation of total property NOI to Net Income/(Loss) Attributable to UDR, Inc. as reflected, for both continuing and discontinued operations, for the years ended December 31, (dollars in thousands):

	2014	2013	
Total property NOI	\$556,321	\$514,041	
Joint venture management and other fees	13,044	12,442	
Property management	(22,142	) (20,780	)
Other operating expenses	(8,271	) (7,136	)
Real estate depreciation and amortization	(358,154	) (341,490	)
General and administrative	(47,800	) (42,238	)
Casualty-related recoveries/(charges), net	(541	) 12,253	
Other depreciation and amortization	(5,775	) (6,741	)
Income/(loss) from unconsolidated entities	(7,006	) (415	)
Interest expense	(130,454	) (126,083	)
Interest and other income/(expense), net	11,837	4,681	
Tax benefit, net	15,136	7,299	
Net (income)/loss attributable to redeemable noncontrolling interests in the Operating Partnership	(5,511	) (1,530	)
Net (income)/loss attributable to noncontrolling interests	3	60	
Net gain/(loss) on sale of depreciable property, net of impairment and tax	143,647	40,449	
Net income/(loss) attributable to UDR, Inc.	\$154,334	\$44,812	



VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE STOCKHOLDER COMMUNICATIONS

If you would like to reduce the costs incurred by UDR, Inc. in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access Stockholder Communications electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to UDR, Inc. c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

UDR, INC.  
1745 SHEA CENTER DRIVE  
SUITE 200  
HIGHLAND RANCH, CO 80129

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M87541-P64679      KEEP THIS PORTION FOR YOUR RECORDS  
DETACH AND RETURN THIS PORTION ONLY

UDR, Inc.  
The Board of Directors recommends that you vote  
"FOR" each of the nominees listed in Item 1:

For	Withhold	For All	To
All	All	Except	withhold
			authority
			to vote for
			any
			individual
			nominee(s),
			mark "For
			All
			Except"
			and write
			the
			number(s)

of the  
nominee(s)  
on the  
line  
below.

1. ELECTION OF DIRECTORS

Nominees:

- |                            |                           |
|----------------------------|---------------------------|
| 01) Katherine A. Cattanach | 05)<br>Robert A. McNamara |
| 02) Robert P. Freeman      | 06) Mark R.<br>Patterson  |
| 03) Jon A. Grove           | 07) Lynne<br>B. Sagalyn   |
| 04) James D. Klingbeil     | 08)<br>Thomas W. Toomey   |

The Board of Directors recommends that you vote "FOR" Items 2 and 3:

- |   | For | Against | Abstain |
|---|-----|---------|---------|
| 2. Proposal to ratify the appointment of Ernst & Young LLP to serve as independent registered public accounting firm for the year ending December 31, 2015. | ..  | ..      | ..      |
| 3. Advisory vote to approve named executive officer compensation.   | ..  | ..      | ..      |
| 4. To transact such other business as may properly come before the meeting and any adjournment or postponement of the meeting.                              |     |         |         |

NOTE: The shares represented by this proxy when properly executed will be voted in the manner directed herein by the undersigned Stockholder(s). If no direction is made, this proxy will be voted FOR each of the nominees listed in Item 1 and FOR Items 2 and 3. If any other matters properly come before the meeting or any adjournment of the meeting, the person(s) named in this proxy will vote in their discretion.

For address changes, please check this box and write .. them on the back where indicated.

Please indicate if you plan to attend this meeting. .. ..

Yes No

Please sign exactly as your name(s) appear(s) hereon. All holders must sign. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. If a corporation, please sign in full corporate name by authorized officer. If a partnership, please sign in partnership name by authorized person.

Signature [PLEASE SIGN WITHIN BOX] Date

Signature  
(Joint Date  
Owners)

UDR, INC.  
ANNUAL MEETING OF STOCKHOLDERS

May 21, 2015  
10:00 a.m., Local Time  
Hotel Teatro  
1100 14<sup>th</sup> Street  
Denver, Colorado 80202

This proxy is solicited on behalf of the Board of Directors of UDR, Inc. for use at the Annual Meeting on May 21, 2015.

The shares of stock held in your account or in a dividend reinvestment account will be voted as you specify on the reverse side.

If no choice is specified, the proxy will be voted "FOR" each of the nominees listed in Item 1 and "FOR" Items 2 and 3. By signing the proxy, you (i) acknowledge receipt of the notice of annual meeting of stockholders and proxy statement, each dated April 8, 2015, (ii) revoke all prior proxies, and (iii) appoint James D. Klingbeil and Thomas W. Toomey, or either of them, as proxies and attorneys-in-fact, each with the power to appoint his substitute and hereby authorize(s) them to represent and to vote the shares which you would be entitled to vote if then and there personally present on the matters shown on the reverse side and any other matters which may come before the Annual Meeting and any adjournment thereof.

See reverse for voting instructions

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:

UDR, Inc.'s Notice of Annual Meeting and Proxy Statement, Form 10-K for the year ended December 31, 2014 and Shareholder Letter are available on the Internet at [www.proxyvote.com](http://www.proxyvote.com).

M87542-P64679

UDR, INC.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

ANNUAL MEETING OF STOCKHOLDERS  
MAY 21, 2015

The stockholder(s) hereby appoint(s) James D. Klingbeil and Thomas W. Toomey, or either of them, as proxies and attorneys-in-fact, each with the power to appoint his substitute and hereby authorize(s) them to represent and to vote, as designated on the reverse side of this proxy card, all of the shares of common stock and/or Series E preferred stock or Series F preferred stock of UDR, Inc. that the stockholder(s) is/are entitled to vote at the Annual Meeting of Stockholders to be held at 10:00 a.m. Local Time on May 21, 2015, at the Hotel Teatro, 1100 14<sup>th</sup> Street, Denver, Colorado 80202, and any adjournment or postponement thereof.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED BY THE STOCKHOLDER(S). IF NO SUCH DIRECTIONS ARE MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE NOMINEES LISTED ON THE REVERSE SIDE FOR THE BOARD OF DIRECTORS AND FOR ITEMS 2 and 3.

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED REPLY ENVELOPE

Address Changes:

Edgar Filing: UDR, Inc. - Form DEF 14A

(If you noted any Address Changes above, please mark corresponding box on the reverse side.)

CONTINUED AND TO BE SIGNED ON REVERSE SIDE