

MID AMERICA APARTMENT COMMUNITIES INC  
Form PRE 14A  
March 19, 2008

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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

Filed by the Registrant   
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement  Soliciting Material Under Rule 14a-12
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials

Mid-America Apartment Communities, Inc.

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(Name of Registrant as Specified In Its Charter)  
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(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)(4) and 0-11.

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

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2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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schedule and the date of its filing.

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1) Amount previously paid:

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2) Form, Schedule or Registration Statement No.:

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3) Filing Party:

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4) Date Filed:

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**MID-AMERICA APARTMENT COMMUNITIES, INC.**

April 7, 2008

To our shareholders:

You are invited to attend the 2008 Annual Meeting of Shareholders of Mid-America Apartment Communities, Inc., or Mid-America, to be held at 1:00 p.m., Central Daylight Time, on Tuesday, May 20, 2008, at the Reserve at Dexter Lake Apartments, 1505 Dexter Lake Drive, Memphis, Tennessee 38018. The Notice of Annual Meeting of Shareholders and Proxy Statement, both of which accompany this letter, provide details regarding the business to be conducted at the meeting, as well as other important information about Mid-America.

During the meeting, management will review our recently completed 2007 fiscal year and provide a report on our progress, including recent developments. Shareholders will also have the opportunity to ask questions about Mid-America.

Along with the other members of the Board of Directors and management, I look forward to greeting you at the Annual Meeting if you are able to attend.

Cordially,

H. ERIC BOLTON, JR.  
*President and Chief Executive Officer*

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**MID-AMERICA APARTMENT COMMUNITIES, INC.**  
**6584 Poplar Avenue, Suite 300**  
**Memphis, Tennessee 38138**

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**  
**To Be Held on Tuesday May 20, 2008**

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**TIME, DATE & PLACE**

The 2008 Annual Meeting of Shareholders will be held at 1:00 p.m., Central Daylight Time, on Tuesday, May 20, 2008, at the Reserve at Dexter Lake Apartments, 1505 Dexter Lake Drive, Memphis, Tennessee 38018.

**ITEMS OF BUSINESS**

Shareholders will consider and vote on the following items at the Annual Meeting:

1. To amend Mid-America's current Charter to move from a staggered Board structure to annual elections for all directors;
2. To elect 3 directors to serve for 1 year if the proposed amendment to the current Charter is adopted, or to serve as Class II directors until 2011 if the amendment is not adopted, and in either case until their successors have been duly elected and qualified, as well as 1 Class I director to serve until the 2010 Annual Meeting of Shareholders and until his successor has been duly elected and qualified;
3. To ratify the selection of Ernst & Young LLP as Mid-America's independent registered public accounting firm for 2008; and
4. To transact such other business as may properly come before the meeting or any adjournment thereof.

**OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR ALL THE ITEMS.**

#### **WHO MAY VOTE**

Shareholders of record at the close of business on Wednesday, March 12, 2008, are entitled to receive this notice and vote at the Annual Meeting.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders To Be Held on May 20, 2008. The Proxy Statement, Form 10-K and 2007 Annual Report are available at [www.ProxyVote.com](http://www.ProxyVote.com).**

#### **HOW TO VOTE**

Your vote is important. Please refer to the proxy card and the accompanying proxy statement for information regarding your voting options. Even if you plan to attend the Annual Meeting, please take advantage of one of the advance voting options to assure that your shares are represented at the Annual Meeting. You may revoke your proxy at any time before it is voted by following the procedures described in the accompanying Proxy Statement.

By Order of the Board of Directors

LESLIE B.C. WOLFGANG  
*Vice President, Director of External Reporting and  
Corporate Secretary*

Memphis, Tennessee  
April 7, 2008

**Whether or not you plan to attend the meeting, please submit your proxy prior to the meeting by following the instructions on the enclosed proxy card or voter instruction form. Shareholders who attend the Annual Meeting may vote even if they have already sent in a proxy.**

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**MID-AMERICA APARTMENT COMMUNITIES, INC.**  
**6584 Poplar Avenue, Suite 300**  
**Memphis, Tennessee 38138**

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**PROXY STATEMENT FOR THE  
2008 ANNUAL MEETING OF SHAREHOLDERS**

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Mid-America Apartment Communities, Inc. is soliciting proxies, and your vote is very important. For this reason, the Board of Directors is requesting that you allow your shares to be represented at the Annual Meeting of Shareholders by the proxies named on the enclosed proxy card. In connection with our solicitation of proxies, we are mailing this proxy statement, the enclosed proxy card, our 2007 Annual Report, and our 2007 Annual Report on Form 10-K to all shareholders beginning on or about April 7, 2008.

In this proxy statement, terms such as "we," "us" and "our" refer to Mid-America Apartment Communities, Inc., which may also be referred to from time to time as "Mid-America" to distinguish it from its subsidiaries or other related entities.

**INFORMATION ABOUT THE MEETING**

**When is the Annual Meeting?**

The Annual Meeting will be held on Tuesday, May 20, 2008, at 1:00 p.m., Central Daylight Time.

**Where will the Annual Meeting be held?**

Our Annual Meeting will be held at the Reserve at Dexter Lake Apartments, 1505 Dexter Lake Drive, Memphis, Tennessee 38018.

**What items will be voted on at the Annual Meeting?**

You will vote on the following matters:

1. To amend Mid-America's current Charter to move from a staggered Board structure to annual elections for all directors;
2. To elect 3 directors to serve for 1 year if the proposed amendment to the current Charter is adopted, or to serve as Class II directors until 2011 if the amendment is not adopted, and in either case until their successors have been duly elected and qualified, as well as 1 Class I director to serve until the 2010 Annual Meeting of Shareholders and until his successor has been duly elected and qualified;
3. To ratify the selection of Ernst & Young LLP as Mid-America's independent registered public accounting firm for 2008; and
4. To transact such other business as may properly come before the meeting or any adjournment thereof.

As of the date of this Proxy Statement, we are not aware of any other matters that will be presented for action at the Annual Meeting.

**What are the Board of Directors' recommendations?**

Our Board of Directors recommends that you vote:

- **FOR** the amendment to the Charter to move to annual elections of directors;
- **FOR** the election of the 4 nominees named herein to serve on the Board of Directors;

- FOR the ratification of the selection of Ernst & Young LLP as Mid-America's independent registered public accounting firm for 2008.
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If any other matter properly comes before the Annual Meeting, the proxy holders will vote as recommended by the Board of Directors or, if no recommendation is given, in their own discretion.

### **Do directors attend the annual meeting of shareholders?**

Mid-America does not require its directors to attend its Annual Meeting of Shareholders, but the Board of Directors encourages its members to attend. Then directors Bolton, Cates, Graf, Grinalds, Fogelman, McCormick, Sansom and Wadsworth attended the Annual Meeting of Shareholders held on May 22, 2007.

## **INFORMATION ABOUT VOTING**

### **Who is entitled to vote at the Annual Meeting?**

Only shareholders of record at the close of business on the record date, March 12, 2008, are entitled to receive notice of the 2008 Annual Meeting and to vote the shares that they held on that date at the annual meeting, or any postponement or adjournment of the annual meeting. The only class of stock that can be voted at the meeting is our common stock. Each share of common stock is entitled to one vote on all matters that come before the meeting. As of the close of business on March 12, 2008, Mid-America had 25,795,811 shares of common stock outstanding.

*Shareholders of Record: Shares Registered in Your Name.* If on March 12, 2008 your shares were registered directly in your name with our transfer agent, then you are a shareholder of record. As a shareholder of record, you may vote in person at the meeting or vote by proxy. Whether or not you plan to attend the meeting, we urge you to fill out and return the enclosed proxy card, or vote by proxy over the telephone or on the Internet as instructed below, to ensure your vote is counted.

*Beneficial Owner: Shares Registered in the Name of a Broker or Bank.* If on March 12, 2008 your shares were held in an account at a brokerage firm, bank, dealer or similar organization, then you are the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered the shareholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker or other agent on how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the shareholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker or other agent.

### **How do I vote my shares?**

*Shareholders of Record:* If you are a shareholder of record (your shares are registered directly in your name with our transfer agent) you may vote your shares in person or by proxy:

*In Person:* You may attend the Annual Meeting and vote in person.

*By Proxy:* You can vote by telephone, on the Internet or by mail. We encourage you to vote by telephone or Internet, both of which are convenient, cost-effective, and reliable alternatives to returning your proxy card by mail.

- **By Telephone:** You may submit your voting instructions by telephone by following the instructions printed on the proxy card. If you submit your voting instructions by telephone, you do not have to mail in your proxy card.
- **On the Internet:** You may vote on the Internet by following the instructions printed on the proxy card. If you vote on the Internet, you do not have to mail in your proxy card.

- **By Mail:** If you properly complete and sign the enclosed proxy card and return it in the enclosed envelope, it will be voted in accordance with your instructions. The enclosed envelope requires no additional postage if mailed in the United States.

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*Beneficial Owner:* If you are a beneficial owner (your shares are held in an account with a brokerage firm, bank, dealer or similar organization) you may vote your shares in person or by proxy:

*In Person:* You may attend the Annual Meeting and vote in person; however, you will need to present a written consent from your broker permitting you to vote the shares in person at the Annual Meeting.

*By Proxy:* If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, you should receive a proxy card and voting instructions with these proxy materials from that organization rather than Mid-America. Simply complete and mail the proxy card to ensure that your vote is counted. Alternatively, follow the instructions provided by your broker or bank to vote by telephone or over the Internet as that organization allows.

### **What if I have shares in the Mid-America Employee Stock Ownership Plan?**

If you have shares in an account under the Mid-America Employee Stock Ownership Plan, you have the right to vote the shares in your account. To do this you must sign and timely return the proxy card you received with this Proxy Statement, or grant your proxy by telephone or over the Internet by following the instructions on the proxy card.

### **How will my vote be counted?**

Your vote will be cast as you indicate on your proxy card. If you submit an executed proxy without marking any voting selections, your shares will be voted **FOR** the amendment to the Charter to move to annual elections of directors, **FOR** the election of 4 nominees to serve on the Board of Directors and **FOR** the selection of Ernst & Young LLP to serve as Mid-America's independent registered public accounting firm for 2008. If any additional matters are properly presented at the meeting, your proxy (one of the individuals named on your proxy card) will vote your shares using his or her best judgment. Votes will be counted by the inspector of election appointed for the meeting, who will separately count **For** and **Withheld** votes and (with respect to proposals other than the election of directors) **Against** and **Abstain** votes. Abstentions and broker non-votes have no effect and are not counted towards the voted total for any proposal, other than Proposal No. 1 (regarding the amendment of Mid-America's Charter) in which an abstention or broker non-vote will have the effect of a vote **Against** the proposal.

If your shares are held by your broker as your nominee (that is, in **street name**), you will need to obtain a proxy form from the institution that holds your shares and follow the instructions included on that form regarding how to instruct your broker to vote your shares. In the event that a broker, bank, custodian, nominee or other record holder of our common stock indicates on a proxy that it does not have discretionary authority to vote certain shares on a particular matter, then those shares will be treated as broker non-votes. Shares represented by such broker non-votes will, however, be counted in determining whether there is a quorum.

### **Can I change my vote after I return my proxy card?**

Yes. You can revoke your proxy at any time before the final vote at the meeting. If you are the record holder of your shares, you may revoke your proxy in any one of three ways:

- You may submit another properly completed proxy bearing a later date;
- You may send a written notice that you are revoking your proxy to Mid-America's Corporate Secretary, 6584 Poplar Avenue, Suite 300, Memphis, Tennessee 38138; or

- You may attend the annual meeting and notify the election officials at the meeting that you wish to revoke your proxy and vote in person. Simply attending the meeting will not, by itself, revoke your proxy.

If your shares are held by your broker or bank as nominee or agent, you should follow the instructions provided by your broker or bank.

#### **How many votes are needed to approve each proposal?**

- For the amendment to the Charter to move to annual elections of directors to pass, the proposal must receive a majority of votes For the proposal among all votes entitled to be cast. Abstentions and broker non-votes will be counted as votes Against the proposal.

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- For the election of directors, the four nominees receiving the most For votes (among votes properly cast in person or by proxy) will be elected. Abstentions and broker non-votes will have no effect.
- For ratification of the proposal to appoint Ernst & Young LLP as Mid-America's independent registered public accounting firm for the fiscal year ending December 31, 2008, the proposal must receive more votes in favor of ratification than votes cast against. Abstentions and broker non-votes will not be counted as voting either for or against the firm. However, the Audit Committee is not bound by a vote either for or against the firm. The Audit Committee will consider a vote against the firm by the shareholders in selecting our independent registered public accounting firm in the future.

#### **How many shares must be present to constitute a quorum for the meeting?**

A quorum of shareholders is necessary to hold a valid meeting. A quorum will be present if at least a majority of the outstanding shares are represented by shareholders present at the meeting or by proxy. On March 12, 2008, the record date, there were 25,795,811 shares outstanding and entitled to vote. Thus 12,897,906 shares must be represented by shareholders present at the meeting or by proxy to have a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy vote or vote at the meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, a majority of the votes present at the meeting may adjourn the meeting to another date.

#### **How can I find out the results of the voting at the annual meeting?**

Preliminary voting results will be announced at the annual meeting. Final results will be published in Mid-America's quarterly report on Form 10-Q for the second quarter of 2008, which can be found on the Investor Relations page of our website (<http://ir.maac.net>) following the report's filing with the Securities and Exchange Commission.

### **ADDITIONAL INFORMATION**

#### **How and when may I submit a shareholder proposal for Mid-America's 2009 Annual Meeting?**

Our annual meeting of shareholders generally is held in May of each year. We will consider for inclusion in our proxy materials for the 2009 Annual Meeting of Shareholders, shareholder proposals that are received at our executive offices no later than December 12, 2008, and that comply with all applicable requirements of Rule 14a-8 promulgated under the Securities Exchange Act of 1934. Proposals must be sent to our Corporate Secretary at Mid-America Apartment Communities, Inc., 6584 Poplar Ave., Ste. 300, Memphis, Tennessee 38138.

Pursuant to Mid-America's Amended and Restated Bylaws, shareholders wishing to submit proposals or director nominations that are not to be included in our proxy materials must have given timely notice thereof in writing to our Corporate Secretary. To be timely for the 2009 Annual Meeting of Shareholders, you must notify

our Corporate Secretary, in writing, not later than the close of business on December 12, 2008, nor earlier than the close of business on November 12, 2008. We also advise you to review Mid-America's Amended and Restated Bylaws, which contain additional requirements about advance notice of shareholder proposals and director nominations, including the different notice submission date requirements in the event that we do not hold our 2009 Annual Meeting of Shareholders between April 20, 2009 and June 19, 2009. The Chairman of the 2009 Annual Meeting of Shareholders may determine, if the facts warrant, that a matter has not been properly brought before the meeting and, therefore, may not be considered at the meeting. In addition, the proxy solicited by the Board of Directors for the 2009 Annual Meeting of Shareholders will confer discretionary voting authority with respect to any matter presented by a shareholder at that meeting for which Mid-America has not been provided with timely notice.

#### **How can I obtain Mid-America's Annual Report on Form 10-K?**

Our Annual Report on Form 10-K for the year ended December 31, 2007, as filed with the SEC, including the financial statements, and financial statement schedules is being mailed along with this Proxy Statement. Our Annual Report on Form 10-K for the year ended December 31, 2007, including all exhibits may be obtained from the SEC Filings link on the Investor Relations page of our web-site at <http://ir.maac.net> or received free of charge by writing Investor Relations at Mid-America Apartment Communities, Inc., 6584 Poplar Avenue, Suite 300, Memphis, Tennessee 38138.

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#### **Who is paying for this proxy solicitation?**

We will pay for the entire cost of soliciting proxies. We expect that this Proxy Statement will first be sent to shareholders on or about April 7, 2008. In addition to these mailed proxy materials, our directors and employees may also solicit proxies in person, by telephone or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

#### **How many copies should I receive if I share an address with another shareholder?**

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements with respect to two or more shareholders sharing the same address by delivering a single proxy statement addressed to those shareholders. This process, which is commonly referred to as "householding," potentially provides extra convenience for shareholders and cost savings for companies.

Mid-America and some brokers household proxy materials, delivering a single proxy statement to multiple shareholders sharing an address unless contrary instructions have been received from the affected shareholders. Once you have received notice from your broker or us that they or we will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If at any time you no longer wish to participate in householding and would prefer to receive a separate proxy statement, or if you are receiving multiple copies of the proxy statement and wish to receive only one, please notify your broker if your shares are held in a brokerage account or us if you hold registered shares. You can notify us by sending a written request to the Corporate Secretary at Mid-America Apartment Communities, Inc., 6584 Poplar Avenue, Suite 300, Memphis, Tennessee 38138 or by calling 901-682-6600. You also may elect to participate in householding if you are eligible to do so by marking the appropriate box on your proxy card.

Mid-America can only household registered shares. If you own registered shares as well as hold shares in a brokerage account, you will continue to receive multiple copies of the proxy statement. Similarly, if you own shares in more than one brokerage firm, you can only household the proxy statements you receive with each individual brokerage house.

#### **Who should I contact if I have any questions?**

If you have any questions about the Annual Meeting, these proxy materials or your ownership of our common stock, please contact our Investor Relations Department at 6584 Poplar Avenue, Suite 300, Memphis, Tennessee 38138, or by emailing [investor.relations@maac.net](mailto:investor.relations@maac.net) or calling (901) 682-6600.



**INFORMATION ABOUT THE BOARD OF DIRECTORS AND ITS COMMITTEES**

**What is our philosophy regarding corporate governance?**

We believe that effective corporate governance is critical to our long-term health and our ability to create value for our shareholders. We have continued to review our corporate governance policies and practices and to compare them against "best practices" proposals and the practices of other public companies. We also have continued to review the provisions of the Sarbanes-Oxley Act of 2002, new and proposed rules of the SEC, and the corporate governance rules of the New York Stock Exchange, or the NYSE. We will continue to monitor emerging developments in corporate governance and enhance our policies and procedures when required or when our Board of Directors determines that it would benefit Mid-America and our shareholders. Based on this review, the Board of Directors has established and maintains Corporate Governance Guidelines that include detailed specifications for director qualification and responsibility. You may find a copy of our Corporate Governance Guidelines on the Investor Relations page of our website at <http://ir.maac.net>.

The responsibilities of our Board of Directors and Board committees are described below, along with other corporate governance-related disclosures. All of our Board's committees have written charters which can be found in the Governance Documents section on the Investor Relations page of our website at <http://ir.maac.net>. Mid-America will also provide a copy of any committee charter, the Corporate Governance Guidelines or our Code of Business Conduct and Ethics without charge upon written request sent to: Mid-America Apartment Communities, Inc.,

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Attention: Investor Relations, 6584 Poplar Avenue, Suite 300, Memphis, Tennessee 38138. The Board of Directors may, from time to time, form other committees as circumstances warrant. Such committees will have authority and responsibility as delegated by the Board of Directors.

**How many independent directors do we have?**

Our Board of Directors has affirmatively determined that six of our current nine directors are independent: Alan B. Graf, Jr. (Nominee), John S. Grinalds, Ralph Horn (Nominee), Mary E. McCormick, Philip W. Norwood (Nominee) and William B. Sansom. All of these directors meet the independence standards of our Corporate Governance Guidelines, the NYSE listing standards and applicable SEC rules.

**How do we determine whether a director is independent?**

A director is considered independent if our Board of Directors affirmatively determines that the director has no direct or indirect material relationship with us. Consistent with the requirements of the SEC, the NYSE and general corporate "best practices" proposals, our Board of Directors reviews all relevant transactions or relationships between each director, or any of his or her family members, and Mid-America, our senior management and our independent auditors. The Board has adopted the following categorical standards:

- A director who is an employee, or whose immediate family member is an executive officer, of Mid-America is not independent until three years after the end of such employment relationship.
- A director who receives, or whose immediate family member receives, more than \$100,000 per year in direct compensation from us, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), is not independent until three years after he or she ceases to receive more than \$100,000 per year in such compensation.
- A director who is affiliated with or employed by, or whose immediate family member is affiliated with or employed in a professional capacity by, a present or former internal or external auditor of Mid-America is not independent until three years after the end of the affiliation or the employment or auditing relationship.

- A director who is employed, or whose immediate family member is employed, as an executive officer of another company where any of the our present executive officers serve on that company's Compensation Committee is not independent until three years after the end of such service or the employment relationship.
- A director who is an executive officer or an employee, or whose immediate family member is an executive officer, of a company that makes payments to, or receives payments from, Mid-America for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues, is not "independent" until three years after falling below such threshold.

The Board consults with Mid-America's corporate counsel to ensure that the Board's determinations are consistent with all relevant securities and other laws and regulations regarding the definition of "independent," including those set forth in pertinent listing standards of the NYSE, as in effect from time to time.

**Do any independent directors have relationships with Mid-America that the Board of Directors determined were not material?**

Mr. Graf is an Executive Vice President and Chief Financial Officer of FedEx Corporation. In the normal course of business, we use FedEx as an overnight courier. The Board of Directors concluded that this relationship is not material and does not otherwise impair, or appear to impair, Mr. Graf's independent judgment, and therefore does not prevent him from being independent.

Mr. Horn was Chairman of the Board of Directors of First Tennessee National Corporation, or FTNC, now First Horizon National Corporation, or FHNC, until December 2003 and was previously the President and Chief Executive Officer of FTNC until 2002. Mr. Sansom serves on the Board of Directors and Executive Committee of FHNC.

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We have a line of credit with a group of banks led by Regions Bank. First Tennessee Bank, the principal banking subsidiary of FTNC, has committed approximately \$17.5 million towards this line of credit. We have also entered into interest rate swap agreements with First Tennessee Bank totaling a notional amount of \$75 million based on three-month LIBOR. Both the line of credit and the interest rate swap agreements were entered into in the ordinary course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions between unrelated parties. Because of the arm's-length nature of the transaction, the Board of Directors concluded that these relationships are not material and do not otherwise impair, or appear to impair, Mr. Horn's or Mr. Sansom's independent judgment, and therefore do not prevent them from being independent.

Mr. Sansom also serves as the Chairman of the Board of Directors for the Tennessee Valley Authority, or TVA. TVA is a public power company which supplies wholesale power to municipal and cooperative power distributors as well as large industries and government installations. Some of Mid-America's communities may be served by power companies who purchase power from TVA. None of Mid-America's communities buy power directly from TVA. As Mid-America communities would have no influence over the wholesale choices of the power companies which serve them, the Board of Directors concluded that this potential relationship is not material and does not otherwise impair, or appear to impair, Mr. Sansom's independent judgment, and therefore does not prevent him from being independent.

**How many times did our Board of Directors meet last year?**

The Board of Directors held seven meetings during 2007.

**Did any of our directors attend fewer than 75% of the meetings of the Board of Directors and their assigned committees?**

All of the directors who were serving during the calendar year 2007 attended more than 75% of the meetings of the Board of Directors and their assigned committees during the fiscal year with the exception of Mr. Starnes.

Mr. Starnes was unable to attend any of the Board of Directors and his assigned committee meetings as he was recovering from an illness experienced in 2006. Mr. Starnes' term ended on May 22, 2007 and he did not stand for re-election.

**Does our Board of Directors meet regularly without management present?**

Our directors, excluding Messrs. Bolton and Wadsworth, regularly meet to promote open discussion among the non-management directors. Mr. Cates presides over these executive sessions. The non-management directors held two executive sessions during 2007.

**Do our independent directors meet regularly without non-independent members?**

Our directors, excluding Messrs. Bolton, Cates and Wadsworth, meet regularly to promote open discussion among the independent directors. The committee chairmen share presidation over these sessions. The independent directors held two executive sessions during 2007.

**Does our Board of Directors have any standing committees?**

We have three standing committees: Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee. The members of each committee are independent, pursuant to the standards set forth in our Corporate Governance Guidelines, the NYSE listing standards and applicable SEC rules. Each standing committee of the Board of Directors has a charter which can be found on the Investor Relations page of our website at <http://ir.maac.net> in the Governance Documents section.

The current membership of and information about each of our Board committees is shown below.

Committee/Current Members	Committee Functions
<p><b>Audit Committee</b></p> <p><i>Current Members</i>                      Mr. Graf (Chairman)                      Mr. Grinalds                      Ms. McCormick</p> <p>Number of meetings held in 2007: Eight</p>	<ul style="list-style-type: none"> <li>● appointing, determining the compensation of, and overseeing the work of the independent registered public accounting firm;</li> <li>● pre-approving all auditing services and permitted non-audit services, including the fees and terms thereof, to be performed by the independent registered public accounting firm;</li> <li>● reviewing and discussing with management and the independent registered public accounting firm the annual audited and quarterly unaudited financial statements and our disclosure under Management's Discussion and Analysis of Financial Condition and Results of Operations in our 10-Qs and 10-Ks;</li> <li>● reviewing and discussing the adequacy and effectiveness of our systems of internal accounting and financial controls;</li> <li>● establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;</li> <li>● reviewing the overall corporate tone for financial reports, controls, and ethical behavior;</li> <li>● reviewing with management and the independent registered public accounting firm our compliance with the requirements for qualification as a REIT; and</li> <li>● issuing a report annually as required by the SEC's proxy solicitation rules.</li> </ul>
<p><b>Compensation Committee</b></p>	

## Edgar Filing: MID AMERICA APARTMENT COMMUNITIES INC - Form PRE 14A

### *Current Members:*

Mr. Horn (Chairman)  
Mr. Norwood  
Mr. Sansom

- reviews and approves our compensation objectives;
- reviews and approves the compensation programs, plans, and awards for executive officers;

Number of meetings held in  
2007: Three

- acts as administrator as may be required for our equity-related incentive plans;
- reviews and discusses with management the information contained in the Compensation Discussion and Analysis section of the proxy statement; and
- issues a report annually related to executive compensation, as required by the SEC's proxy solicitation rules.

### **Nominating and Corporate Governance Committee**

### *Current Members:*

Mr. Horn (Chairman)  
Mr. Norwood  
Mr. Sansom

- provides assistance and oversight in identifying qualified candidates to serve as members of the Board of Directors;

- reviews the qualification and performance of incumbent directors to determine whether to recommend them as nominees for reelection;

- reviews and considers candidates for directors who may be suggested by any director or executive officer, or by any shareholder if made in accordance with our charter, bylaws and applicable law; and

Number of meetings held in  
2007: Three

- recommends to the Board of Directors appropriate corporate governance principles that best serve the practices and objectives of the Board of Directors.

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### **Does the Audit Committee have an Audit Committee Financial Expert?**

The Board has determined that Mr. Graf and Ms. McCormick both meet the qualifications of an audit committee financial expert as defined by applicable SEC rules.

### **How does the Board of Directors select director candidates?**

Our Charter currently divides the Board of Directors into three classes as nearly equal in number as possible, with each class serving a term of three years. Our shareholders have historically elected one class of directors at each annual meeting. The Board of Directors is asking shareholders to authorize the amendment of Mid-America's Charter to move from this staggered Board structure to annual elections as terms currently being served expire.

At their November 29, 2007 meeting, the Board of Directors voted to nominate Messrs. Bolton, Graf and Horn to serve for one year if the proposed amendment to the Charter is adopted, or to serve as Class II directors until the 2011 Annual Meeting of Shareholders if the proposed amendment to the Charter is not adopted, and in either case until their successors have been duly elected and qualified. Shareholders are being asked to elect Mr. Norwood to serve as a Class I director to serve until the 2010 Annual Meeting of Shareholders or until his successor is duly elected and qualified.

### **Director Nomination Policy**

It is the policy of the Nominating and Corporate Governance Committee to review and consider all candidates for nomination and election as directors who may be suggested by any director or executive officer of Mid-America. It is Mid-America's policy to refer to its Nominating and Corporate Governance committee for consideration any director candidate recommended by any shareholder who beneficially owns at least 1,000 shares of Mid-America's outstanding common stock if made in accordance with Mid-America's Charter, Amended and Restated Bylaws and applicable law.

We will consider for inclusion in our proxy materials for the 2009 Annual Meeting of Shareholders, shareholder proposals that are received at our executive offices no later than December 12, 2008 and that comply with all applicable requirements of Rule 14a-8 promulgated under the Securities Exchange Act of 1934. Proposals must be sent to the Nominating and Corporate Governance Committee, Attention: Corporate Secretary,

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Mid-America Apartment Communities, Inc., 6584 Poplar Ave., Ste. 300, Memphis, TN 38138. If you would like to recommend a director candidate, you must follow the procedures outlined above under the caption "Additional Information" "How and when may I submit a shareholder proposal for Mid-America's 2009 Annual Meeting?"

If a shareholder is recommending a candidate to serve on the Board of Directors, the recommendation must include the information specified in Mid-America's Amended and Restated Bylaws, including the following:

- The shareholder's name and address and the beneficial owner, if any, on whose behalf the nomination is proposed;
- The class and number of shares of Mid-America which are owned beneficially and of record by such shareholder and such beneficial owner;
- A description of all arrangements or understandings between the shareholder and the proposed nominee and any other person or persons regarding the nomination;
- The nominee's written consent to being named in Mid-America's proxy statement as a nominee and to serving as a director if elected; and
- All information regarding the nominee that would be required to be included in Mid-America's proxy statement by the rules of the Securities and Exchange Commission, including the nominee's age, business experience for the past five years and any other directorships held by the nominee.

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### ***Minimum Director Qualifications***

The Nominating and Corporate Governance Committee along with the Board of Directors is responsible for determining the skills and characteristics that need to be met by each director and director nominee. In determining director or director nominee qualifications, views of both the individual and the Board of Directors as a whole shall be considered.

A director or director nominee's knowledge and/or experience in areas such as, but not limited to, real estate investing, REITs, management, leadership, public companies, equity and debt capital markets, and public company financial accounting are likely to be considered both in relation to the individual's qualification to serve on our Board of Directors and the needs of the Board as a whole.

The Board of Directors does not impose term limits but has adopted a retirement age of 75 after which a director will not be nominated for election. While it is believed that a director's knowledge and/or experience can continue to provide benefit to the Board of Directors following a director's retirement from their primary work affiliation, it is recognized that a director's knowledge of and involvement in ever changing business environments can weaken and therefore their ability to continue to be an active contributor to the Board of Directors shall be reviewed. Upon a director's change in employment status they are required to notify the Chairman of the Board of Directors and the Nominating and Corporate Governance Committee of such change and to offer their resignation for review.

Other characteristics including, but not limited to, the director or director nominee's material relationships with Mid-America, time availability, service on other boards of directors and their committees, or any other characteristics which may prove relevant at any given time as determined by the Nominating and Corporate Governance Committee shall be reviewed for purposes of determining a director or director nominee's qualification.

Members of the Nominating and Corporate Governance Committee as well as other Board members and members of executive management may meet with directors or director nominees for purposes of determining their qualification.

### **Can I communicate directly with the Board of Directors?**

Yes. Shareholders and other interested parties may communicate in writing with our Board of Directors, any of its committees, its independent directors, non-management directors, or any individual director by using the following address:

Corporate Secretary  
ATTN: {Group or director to whom you are addressing}  
Mid-America Apartment Communities, Inc.  
6584 Poplar Ave., Ste. 300  
Memphis, TN 38138

All letters addressed to the Board of Directors or its committees will be forwarded unopened to the appropriate chairman. Letters addressed to the independent or non-management directors will be forwarded unopened to the lead director of that group. Letters addressed to individual directors will be forwarded unopened to the addressee.

### **Does Mid-America have a Code of Ethics?**

Mid-America's Board of Directors has adopted a Code of Business Conduct and Ethics applicable to Mid-America's executive officers, including the Chief Executive Officer, or CEO, and Chief Financial Officer, or CFO. The Code of Business Conduct and Ethics is available on the Investor Relations page of our website at <http://ir.maac.net> in the Governance Documents section. We intend to post amendments to or waivers from our Code of Business Conduct and Ethics (to the extent applicable to our CEO, Principal Financial Officer or Principal Accounting Officer) at this location on our website.

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### **What is the role of the Compensation Committee?**

*Scope of Authority.* Our Compensation Committee reviews and approves our compensation objectives and our compensation programs, plans, and awards for executive officers, among other things. The Compensation Committee's charter can be found on the Investor Relations page of our website at <http://ir.maac.net> in the Governance Documents section. The Compensation Committee reviews its charter on an annual basis and, if necessary, recommends changes to the charter to the Board of Directors for approval.

The Compensation Committee consists of Messrs. Horn (Chairman), Norwood and Sansom, each of whom is an independent director as affirmatively determined by our Board of Directors, in consultation with outside counsel. The Board consults with our outside counsel to ensure that the Board's determinations are consistent with all relevant securities and other laws and regulations regarding the definition of "independent," including those set forth in pertinent listing standards of the NYSE, as in effect from time to time.

Mr. Horn, as chairman of the Compensation Committee, is responsible for setting the agenda for meetings. The Compensation Committee may delegate any of its responsibilities to a subcommittee comprised of two or more members of the Compensation Committee, and may delegate authority to make grants and awards under any equity-based plan to the CEO with such limitations as determined by the Compensation Committee and as may be required by law or the listing standards of the NYSE. To date, the Compensation Committee has made no such delegation of its responsibilities.

*Roles of Executives in Establishing Compensation.* While Messrs. Bolton and Wadsworth, our CEO and CFO, do participate in general meetings of the Compensation Committee, they do not participate in executive sessions nor do they participate in any discussions concerning their own compensation. Annually, upon request from the Compensation Committee, Messrs. Bolton and Wadsworth provide the Compensation Committee with data pertinent to their compensation. This data may from time-to-time include peer executive compensation levels, achievement of individual performance components of their annual bonus plans or data pertinent to their annual base salary increases. The Compensation Committee utilizes this information, along with input from committee members and, at times, outside consultants before making final independent compensation decisions. Messrs. Bolton and Wadsworth also provide data pertinent to the terms of our long-term incentive plans to the Compensation Committee, upon their request. At the end of any incentive or bonus plan measurement period,

Messrs. Bolton and Wadsworth, along with Mid-America's Corporate Secretary and/or outside legal counsel, prepare and present to the Compensation Committee, the preliminary results of the plan for the committee's review and, if necessary, further evaluation and/or adjustment. All incentive plans are ultimately developed and adopted by the Compensation Committee.

*Use of Compensation Consultant.* The Compensation Committee has the power and authority to hire outside advisors or consultants to assist the committee in fulfilling its responsibilities, at Mid-America's expense and upon terms established by the Compensation Committee. The Compensation Committee hired an external consultant, FPL Associates Compensation, to review the current compensation program offered to executive management, benchmark it against industry and peer levels and offer suggestions for changes.

## **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

### **GENERAL POLICY**

We have adopted a Code of Business Conduct and Ethics, which specifies our policy relating to conflicts of interest. The Code of Business Conduct and Ethics states that a "conflict of interest" occurs when an individual's private interests interfere in a material way or appear from the perspective of a reasonable person to interfere in a material way with the interests of Mid-America as a whole. Under the Code of Business Conduct and Ethics, an employee or director who becomes aware of a potential conflict of interest must report the conflict to Mid-America's internal audit group. The Nominating and Corporate Governance Committee of the Board of Directors will determine whether a conflict of interest exists on a case-by-case basis and will memorialize its determinations and the reasons behind such determinations and whether to grant a waiver if a conflict of interest exists. In addition, all transactions involving related parties must be approved by a majority of the disinterested members of the Board of Directors.

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### **INDEBTEDNESS OF MANAGEMENT TO MID-AMERICA**

In 1997, 1998, and 2000 we sold shares of common stock and limited partnership units in Mid-America Apartments, L.P. to certain employees pursuant to a Leadership Employee Stock Ownership Program, or LESOP. Under the LESOP, shares of common stock and limited partnership units were sold to employees at market prices, with 15% of the sale price loaned to the employee to be forgiven over a five-year period.

Mr. Cates purchased a total of 175,000 shares pursuant to this program at an aggregate purchase price of \$4,496,500. Roughly 85% of this amount, or \$3,822,063 was funded by personal loans obtained by Mr. Cates, and the balance, \$674,437, was funded by Mid-America's LESOP bonus program over a five-year period.

Mr. Bolton purchased a total of 110,000 limited partnership units pursuant to this program at an aggregate purchase price of \$2,966,500. Roughly 85% of this amount, or \$2,521,563 was funded by personal loans obtained by Mr. Bolton, and the balance, \$444,937 was funded by Mid-America's LESOP bonus program over a five-year period.

Mr. Wadsworth purchased a total of 100,000 shares and limited partnership units pursuant to this program at an aggregate purchase price of \$2,706,500. Roughly 85% of this amount, or \$2,300,563 was funded by personal loans obtained by Mr. Wadsworth, and the balance, \$405,937 was funded by Mid-America's LESOP bonus program over a five-year period.

In April 2002 Mid-America entered into duplicate LESOP bonus programs to the existing common stock and limited partnership unit sales. These agreements took affect immediately following the conclusion of the first agreements, have the same form and terms of the original agreements, and effectively raise the total LESOP bonus amount to 30% of the original sale price.

The employees of Mid-America listed in the table below are indebted to Mid-America pursuant to such promissory notes for shares of common stock and limited partnership units acquired under the LESOP, which amounts are bonused to them over a five-year period. The table indicates the largest amount of the indebtedness outstanding during fiscal year 2007 and the amount outstanding at February 29, 2008. Such indebtedness bears

interest at rates ranging from 5.59% to 6.49% per annum.

	<b>Maximum Indebtedness</b>	<b>Indebtedness at February 29, 2008</b>
	<b>During 2007</b>	
George E. Cates (1)	\$ 280,706.25	\$ 145,818.75
H. Eric Bolton, Jr.	131,175.00	42,187.50
Simon R. C. Wadsworth	123,375.00	42,187.50
Total executive officers	\$ 535,256.25	\$ 230,193.75

- (1) George E. Cates was not an executive officer of Mid-America during 2007, but is shown here as a participant in the LESOP program as a result of his former executive status with Mid-America.

#### **STOCK OWNERSHIP**

#### **SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**

The number of shares owned and percentage ownership in the following table is based on 25,718,880 shares of common stock outstanding on December 31, 2007. The following table sets forth information as of December 31, 2007, regarding each person known to us to be the beneficial owner of more than five percent of our common stock.

<b>Name and Address of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Percent of Class</b>
Barclays Global Investors NA (1) 45 Fremont Street 17th Floor San Francisco, CA 94105	1,774,398	6.90%
The Vanguard Group, Inc. (2) 100 Vanguard Blvd. Malvern, PA 19355	1,576,970	6.13%

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- (1) The indicated ownership is based solely on a Schedule 13G filed with the SEC by the beneficial owner. The Schedule 13G indicates that beneficial ownership is divided between Barclays Global Investors, NA (860,780 shares as to which 701,024 have sole voting power and 860,780 have sole dispositive power); Barclays Global Fund Advisors (871,754 shares as to which 658,720 have sole voting power and 871,754 have sole dispositive power); Barclays Global Investors, Ltd (29,706 shares as to which 3,574 have sole voting power and 29,706 have sole dispositive power); and Barclays Global Investors Japan Limited (12,158 shares as to which 12,158 have sole voting power and 12,158 have sole dispositive power).
- (2) The indicated ownership is based solely on a Schedule 13G filed with the SEC by the beneficial owner. The Schedule 13G indicates that the entity has sole power to vote or to direct the vote for 23,552 shares and sole power to dispose or to direct the disposition of 1,576,970 shares.

#### **SECURITY OWNERSHIP OF MANAGEMENT**

The number of shares owned and percentage ownership in the following table is based on 25,779,355 shares of common stock outstanding on January 31, 2008. We have determined beneficial ownership in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities. In addition, the rules include shares of common stock issuable pursuant to the exercise of stock options that are either immediately exercisable or exercisable within 60 days of January 31, 2008. These shares are deemed to be outstanding and beneficially



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owned by the person holding those options for the purpose of computing the percentage ownership of that person, but they are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, we believe that the persons or entities identified in this table have sole voting and investment power with respect to all shares shown as beneficially owned by them.

The following table sets forth the beneficial ownership of our common stock as of January 31, 2008 by (i) each director, (ii) each director nominee, (iii) each executive officer named in the Summary Compensation Table, and (iv) all directors, nominees and executive officers as a group. Except as otherwise indicated, the address of each officer, director and/or nominee listed below is c/o 6584 Poplar Avenue, Suite 300, Memphis, Tennessee 38138.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership
George E. Cates	664,571 (1)
H. Eric Bolton, Jr.**	235,721 (2)
Simon R. C. Wadsworth	195,362 (3)
Ralph Horn**	48,341 (4)
John S. Grinalds.	16,523 (5)
Alan B. Graf, Jr.**	13,992 (6)
Philip W. Norwood**	2,861 (7)
William B. Sansom	2,218 (8)
Mary E. McCormick	2,117 (9)
All Directors, Nominees and Executive Officers as a group (9 Persons)	1,181,706

- (1) Includes 295,964 shares owned directly by Mr. Cates, as to 268,256 of which Mr. Cates has sole voting power, and as to 27,708 of which Mr. Cates has shared voting power, (7,366 shares held by Mr. Cates through an individual retirement account, 6,596 shares Mr. Cates owns in a joint account with his wife, and 13,746 shares owned in a Keough plan); 201,233 shares that Mr. Cates has the current right to acquire upon redemption of limited partnership units, 115,000 to which Mr. Cates has pledged as collateral towards a personal line of credit; 113,956 shares that Mr. Cates has the right to acquire upon the exercise of options that are exercisable within 60 days of January 31, 2008; and 4,206 shares held in a deferred compensation account. Also includes 11,009 shares and 38,203 limited partnership units owned by Mr. Cates' wife, over which Mr. Cates exercises no voting or investment power.

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- (2) Includes 102,721 shares owned directly by Mr. Bolton, as to 95,082 of which Mr. Bolton has sole voting power and as to 7,639 of which Mr. Bolton has shared voting power; 110,000 shares that Mr. Bolton has the current right to acquire upon redemption of limited partnership units, 5,000 shares attributed to Mr. Bolton in Mid-America's Employee Stock Ownership Plan, and 18,000 shares that Mr. Bolton has the right to acquire upon the exercise of options that are exercisable within 60 days of January 31, 2008.
- (3) Includes 139,490 shares owned directly by Mr. Wadsworth; 3,684 shares attributed to Mr. Wadsworth in Mid-America's Employee Stock Ownership Plan; 52,188 shares that Mr. Wadsworth has the right to acquire upon redemption of limited partnership units and to which Mr. Wadsworth has pledged as collateral towards a line of credit.
- (4) Includes 33,842 shares owned directly by Mr. Horn; 1,000 shares that Mr. Horn has the right to acquire upon the exercise of options that are exercisable within 60 days of January 31, 2008; and 13,499 shares held in a deferred compensation account.
- (5) Includes 4,768 shares owned directly by General Grinalds, as to which 3,576 General Grinalds has sole voting power, and as to 1,192 of which General Grinalds has shared voting power, (678 shares held by General

Grinalds through an individual retirement account, and 514 shares held in a trust); 11,180 shares held in a deferred compensation account; and 575 shares owned by General Grinalds's wife.

- (6) Includes 5,842 shares owned directly by Mr. Graf; and 8,150 shares held in a deferred compensation account.
- (7) Includes 1,000 shares owned directly by Mr. Norwood; and 1,861 shares held in a deferred compensation account.
- (8) Includes 1,458 shares owned directly by Mr. Sansom; and 760 shares held in a deferred compensation account.
- (9) Includes 2,117 shares owned directly by Mrs. McCormick.
- \* Represents less than 1% of total.

\*\* Director Nominee.

#### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, requires Mid-America's directors and executive officers file with the Commission initial reports of ownership and reports of changes in ownership of Mid-America's common stock and furnish Mid-America with copies of all forms filed.

To Mid-America's knowledge, based solely on review of the copies of such reports furnished to Mid-America and representations that no other reports were required, during the past fiscal year all Section 16(a) filing requirements applicable to Mid-America's directors and executive officers were completed on a timely basis.

#### **EXECUTIVE OFFICERS**

The following served as the executive officers of Mid-America in 2007:

##### **H. ERIC BOLTON, JR.**

Mr. Bolton, age 51, is our President, CEO and Chairman of the Board of Directors. Mr. Bolton joined us in 1994 as Vice President of Development and was named Chief Operating Officer in February 1996 and promoted to President in December 1996. Mr. Bolton assumed the position of CEO following the planned retirement of George E. Cates in October 2001 and became Chairman of the Board in September 2002. Mr. Bolton was with Trammell Crow Company for more than five years, and prior to joining us was Executive Vice President and CFO of Trammell Crow Realty Advisors.

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##### **SIMON R. C. WADSWORTH**

Mr. Wadsworth, age 60, has been Executive Vice President, CFO and a director since joining Mid-America in March 1994. Mr. Wadsworth owned a distribution company from 1982 until its successful sale in 1993 and prior to that served as Director of Mergers and Acquisitions for Holiday Inns, Inc.

Upon their promotions to Executive Vice Presidents in early 2008, Albert M. Campbell, III, Thomas L. Grimes, Jr., and James Andrew Taylor met the requirements to begin being identified as named executive officers in compliance with the applicable provisions of the Exchange Act. As a result, the Compensation Committee took over responsibility for reviewing, evaluating and setting their compensation packages effective with their 2008 compensation.

#### **COMPENSATION DISCUSSION & ANALYSIS**

## INTRODUCTION

Our compensation discussion and analysis discusses the total compensation for our CEO and CFO, who were our only executive officers in 2007. Upon their promotion to Executive Vice Presidents in early 2008, Albert M. Campbell, III, Thomas L. Grimes, Jr., and James Andrew Taylor became executive officers. As a result, the Compensation Committee began reviewing, evaluating and establishing their compensation packages effective with their 2008 compensation.

Our compensation discussion and analysis will describe to our current shareholders and potential investors, our overall compensation philosophy, objectives and practices. Our compensation philosophy and objectives generally apply to all of our employees and most of our employees are eligible to participate in the two main components of our compensation program (salary and annual bonus). The relative value of each of these programs for individual employees varies based on job role and responsibility, as well as our financial performance. We may limit the availability of some of our other compensation programs (such as retirement plans and health and welfare plans) to comply with regulatory requirements.

### **What are the objectives of our executive officer compensation program?**

The main objective of our executive officer compensation program is to align the interests of our executive officers with the interests of shareholders. To achieve this alignment we must attract and retain individuals with the appropriate expertise and leadership ability, and we must motivate and reward them to build long-term shareholder value. We and our competitors recruit from a limited pool of resources for individuals who are highly experienced, successful and well rewarded. Accordingly, our executive officer compensation program is designed to link annual and long-term cash and stock incentives to the achievement of measurable corporate, business unit and individual performance objectives and to align executive officers' interest with shareholder value creation. To achieve these objectives, the Compensation Committee reviews and approves corporate goals and objectives relevant to compensation of our executive officers, evaluates executive officer performance in light of those goals and sets executive officer compensation levels based on this evaluation.

Our Compensation Committee generally sets executive compensation programs to be competitive with other well-managed, multi-family REITs and private real estate companies, taking into account individually each component of compensation. The Compensation Committee intends for each component and the aggregate of the compensation program to be competitive and to address the Compensation Committee's general underlying philosophy and policies for executive officer compensation:

- to align the financial interests of the executive officers with those of our shareholders, both in the short and long term;
- to provide incentives for achieving and exceeding annual and long-term performance goals;
- to attract, retain and motivate highly competent executives by providing total compensation that is competitive with compensation at other well-managed REITs and real estate companies;
- to reward superior corporate and individual performance achieved through ethical leadership; and
- to appropriately reward executive officers for creating long-term shareholder value and returns.

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Our Compensation Committee evaluates the effectiveness of its compensation programs by reviewing the performance of Mid-America as a whole and the performance of individual officers of Mid-America. In doing so, the Compensation Committee takes into account Mid-America's strategy as annually presented to the Board of Directors by Messrs. Bolton and Wadsworth, the total return being obtained by Mid-America's shareholders, Mid-America's fiscal performance both annually and for longer-term periods, as well as Messrs. Bolton's and Wadsworth's individual goals. To the extent that the Compensation Committee believes that changes to compensation programs are warranted, it will make changes to the plans as they conclude with respect to long-term incentive plans, and annually with respect to annual bonus plans.

### **What is our executive officer compensation program designed to reward?**

Our compensation program is designed to reward our executive officers when they achieve our annual business goals, build shareholder value and maintain long-term careers with Mid-America. We reward these three aspects so that the team will make balanced annual and long-term decisions that result in consistent financial performance, innovation and collaboration within Mid-America.

**What are the elements of our executive officer compensation program and why do we provide each element?**

We have a straightforward compensation program. The three main elements are salary, bonus and long-term incentives. Each of these elements helps us attract and retain executive officers and the specific purposes of each of them are identified in the descriptions that follow.

***Base Salary***

We provide an annual salary to each executive officer as an economic consideration for each person's level of responsibility, expertise, skills, knowledge and experience.

***Bonus***

The bonus is part of our executive officers' annual compensation and one component of variable compensation. We may or may not award an annual bonus, and the amount of any award varies with Mid-America's performance and individual considerations.

***Long-term incentives***

We provide long-term incentives in the form of stock-based compensation. Over Mid-America's history, long-term incentives have consisted of stock options, partnership units in our operating partnership and shares of restricted stock. We offer stock-based compensation as an incentive to build long-term shareholder value, to align the interests of executive officers and shareholders, and to retain executive officers through what we hope will be long-term wealth creation in the value of their equity holdings, which have vesting provisions that encourage continued employment. Our executive officers are motivated by the potential appreciation in our stock price. We also encourage stock ownership which we regard as important for commitment, engagement and motivation. We are positioned to refine our long-term incentive strategy should it be in the interests of shareholders so that we can continue to attract and retain the highly skilled talent required to execute our business strategy.

***Employment Agreements***

Messrs. Bolton and Wadsworth both have employment agreements with Mid-America which they entered into in December 1999 which outline the compensation they will receive under different termination scenarios. Both employment agreements have (i) a term of one year that renews automatically on the first day of each month for an additional one-month period, so that on the first day of each month, unless sooner terminated in accordance with the terms of the agreement, the remaining term is one year; (ii) provide for annual base salary for Messrs. Bolton and Wadsworth, subject to change at the discretion of the Compensation Committee; and (iii) allows for annual incentive/bonus compensation.

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Upon Messrs. Bolton's and/or Wadsworth's termination due to death or permanent disability or in the event they are terminated without cause by Mid-America or suffer a constructive termination of their employment in the absence of a change of control, Mid-America will pay Messrs. Bolton and/or Wadsworth all amounts due to them as of the date of termination under the terms of all incentive and bonus plans, and will also continue to pay them their base salary as then in effect for one year after the termination. In addition, all stock options granted to Messrs. Bolton and/or Wadsworth shall become fully vested and exercisable in accordance with the terms on the termination date. Alternatively, Messrs. Bolton and/or Wadsworth may elect to receive an amount in cash equal to the in-the-money value of the shares covered by all such options. Finally, Mid-America will pay to Messrs. Bolton and/or Wadsworth all legal fees incurred by them in connection with their termination without cause or constructive termination by Mid-America. In this scenario, Mid-America's current equity plans allow for the full vesting of any earned restricted stock as defined by each individual plan.

If Messrs. Bolton and/or Wadsworth are terminated without cause or suffer a constructive termination in anticipation of, on, or within three years after a change in control of Mid-America, they are entitled to receive a payment equal to the sum of two and 99/100 (2.99) times their annual base salary in effect on the date of termination plus two and 99/100 (2.99) times their average annual cash bonus paid during the two immediately preceding fiscal years. To the extent that an excise tax on excess parachute payments will be imposed on Messrs. Bolton and/or Wadsworth under Section 4999 of the Internal Revenue Code as a result of such payment, Mid-America shall pay them an additional amount sufficient to reimburse them for taxes imposed pursuant to Sections 280G and 4999 of the Internal Revenue Code. In addition, all stock options granted to Messrs. Bolton and/or Wadsworth shall become fully vested and exercisable in accordance with the terms on the termination date. Alternatively, Messrs. Bolton and/or Wadsworth may elect to receive an amount in cash equal to the greater of (i) the in-the-money value of the shares covered by all such options or (ii) the difference between the highest per share price for shares of Mid-America paid in connection with the change of control and the per share exercise price of the options held by them, multiplied by the number of shares covered by all such options. Finally, Mid-America will pay Messrs. Bolton and/or Wadsworth all legal fees incurred by them in connection with the change of control.

Each employment agreement also contains confidentiality and non-competition provisions, as well as the agreement of Messrs. Bolton and Wadsworth not to have an interest in a competitor either as an owner or an employee within 5 miles of a property owned by Mid-America at the time of a change of control termination for the period of two years.

### ***Deferred Compensation***

Messrs. Bolton and Wadsworth participate in the Mid-America Apartment Communities Non-Qualified Executive Deferred Compensation Retirement Plan as Amended Effective January 1, 2005, or Deferred Comp Plan. The Deferred Comp Plan is a supplemental non-qualified deferred compensation plan made available to select employees to enable them to accumulate retirement benefits without the limitations on contributions placed on Mid-America's 401(K) qualified plan. While the operation and investments of the Deferred Comp Plan mirror that of Mid-America's 401(K) plan, both the deferred compensation of Messrs. Bolton and Wadsworth and Mid-America's match are considered general assets of Mid-America.

In accordance with the Deferred Comp Plan, benefits are paid out over five years beginning on the first day following the sixth full month occurring after either death, disability or the participant's cessation of employment with Mid-America.

### **How do we determine the amount for each element of executive officer compensation?**

#### ***General Philosophy***

We believe the levels of compensation we provide should be competitively reasonable and appropriate for our business needs and circumstances. Our approach is to consider competitive compensation practices and relevant factors rather than establishing compensation at specific benchmark percentiles. This enables us to respond to dynamics in the labor market and provides us with flexibility in maintaining and enhancing our executive officers' engagement, focus, motivation and enthusiasm for our future.

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#### ***Process***

We follow a two-phase process. In the first phase, the Compensation Committee engaged a compensation consultant to conduct a competitive compensation analysis to estimate the 25th percentile, median, average and 75th percentile positions for salary, annual incentive, long-term incentive compensation, and total remuneration (salary + target bonus + annualized value of long-term incentives). The range from the 25th percentile to 75th percentile reflects what the Compensation Committee believes is competitively reasonable and appropriate. We believe this range is consistent with our compensation program objectives and is appropriate. In the second phase, we consider many factors in determining appropriate compensation levels for each executive officer. These considerations may include:

- Our analyses of competitive compensation practices;
- The Compensation Committee's evaluation of the CEO and other executive officers;
- Individual performance and contributions to performance goals which could include, but are not limited to funds from operations growth, and total shareholder return growth;
- Operational management, such as project milestones and process improvements;
- Internal working and reporting relationships and our desire to encourage collaboration and teamwork among our executive officers;
- Individual expertise, skills and knowledge;
- Leadership, including developing and motivating employees, collaborating within Mid-America, attracting and retaining employees and personal development;
- Labor market conditions, the need to retain and motivate, the potential to assume increased responsibilities and the long-term value to Mid-America; and
- Information and advice from an independent, third-party compensation consultant engaged by the Compensation Committee.

We do not have a pre-defined framework that determines which of these factors may be more or less important, and the emphasis placed on specific factors may vary among the executive officers. Ultimately, it is the Compensation Committee's judgment of these factors along with competitive data that form the basis for determining the CEO's compensation. The Compensation Committee and the CEO follow a similar practice to determine the basis of the other executive officers' compensation.

#### ***Use of Compensation Consultant***

The Compensation Committee has the power and authority to hire outside advisors or consultants to assist the committee in fulfilling its responsibilities, at Mid-America's expense and upon terms established by the Compensation Committee. In 2005, the Compensation Committee hired an external consultant, FPL Associates Compensation, or FPL, to review the then current compensation program offered to executive management, benchmark it against industry and peer levels and offer suggestions for changes, referred to as the FPL Review. The Compensation Committee had the sole power and authority to establish the nature and scope of FPL's engagement, set the fee to be paid to FPL and terminate FPL's engagement. The Compensation Committee directed FPL to review Mid-America's executive compensation program and to recommend changes as deemed appropriate to ensure that Mid-America's program provides reasonable and competitive pay opportunities that are aligned with key business objectives and best practices. At the direction of the Compensation Committee, our executive officers discussed with FPL the duties of each executive officer of Mid-America and provided FPL with full and complete access to information requested by FPL as part of its evaluation of Mid-America's executive compensation programs and policies. The Compensation Committee felt it would be prudent to have external experts periodically evaluate Mid-America's program and make suggestions for changes to help ensure the compensation packages being offered are not out of line with peer and/or industry practices. The terms of the engagement and scope of work were established by the Compensation Committee.

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FPL presented the results of its review at the March 14, 2006 Compensation Committee meeting and the Compensation Committee considered their review in setting the 2006 and 2007 compensation programs. The Compensation Committee has subsequently hired FPL Associates Compensation again to review, benchmark and suggest changes to the executive compensation packages that will be established for 2008.

#### ***Identification of Peer Group***

As part of FPL's engagement, it provided an independent analysis of Mid-America's executive compensation program and practices. Based on industry peer group data available to FPL, including data from the most recent proxy filings by representative companies, FPL selected three comparative peer groups: an Asset-Based Peer

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Group consisting of 12 public real estate investment trusts that focus primarily on multifamily properties, a Size-Based Peer Group consisting of 13 public real estate investment trusts that are similar to Mid-America in terms of market capitalization and a Private Peer Group consisting of ten private real estate companies that are actively engaged in the multifamily sector. The Compensation Committee and FPL Associates Compensation felt reviewing peer data based on these three variables would help provide a good picture of comparable company practices. FPL compared base salaries, annual bonuses and total compensation to each peer group. The following companies comprised the peer groups:

### Asset-Based Peer Group

AMLI Residential Properties Trust  
Associated Estates Realty Corporation  
BNP Residential Properties, Inc.  
BRE Properties, Inc.  
Camden Properties Trust  
Colonial Properties Trust  
Essex Property Trust, Inc.  
Gables Residential Trust  
Home Properties, Inc.  
Post Properties, Inc.  
Town and Country Trust

### Size-Based Peer Group

Brandywine Realty Trust  
CenterPoint Properties Trust  
Commercial Net Lease Realty, Inc.  
EastGroup Properties, Inc.  
Entertainment Properties Trust  
Equity Inns, Inc.  
Equity One, Inc.  
Glimcher Realty Trust  
Heritage Property Invest. Trst  
LaSalle Hotel Properties  
MeriStar Hospitality Corporation

### Private Peer Group

Berkshire Property Advisors, LLC  
The Empire Companies  
FirstWorthing  
Hillwood Development Corp.  
Irvine Apartment Communities  
JPI, Inc.  
Simpson Housing Ltd. Pship, LLLP  
Trammell Crow Residential  
The Woodlands  
Western National Property Mgmt.