

TRAMMELL CROW CO
Form DEF 14A
April 19, 2004
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

Trammell Crow Company

(Name of Registrant as Specified In Its Charter)

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

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TRAMMELL CROW COMPANY

2001 Ross Avenue, Suite 3400

Dallas, Texas 75201

April 19, 2004

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Trammell Crow Company to be held on May 19, 2004, at 1:00 p.m., local time, at the Dallas Museum of Art, 1717 Harwood Street, Dallas, Texas 75201. Please find enclosed a notice to stockholders, a Proxy Statement describing the business to be transacted at the meeting, a form of Proxy for use in voting at the meeting and an Annual Report for Trammell Crow Company.

At the Annual Meeting, you will be asked (i) to elect two Class I directors of the Company, (ii) to ratify the selection of Ernst & Young LLP as the independent auditors for the Company for the year ending December 31, 2004; and (iii) to act upon such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

We hope that you will be able to attend the Annual Meeting, and we urge you to read the enclosed Proxy Statement before you decide to vote. Whether or not you plan to attend, please complete, sign, date and return the enclosed Proxy or grant your proxy by telephone, as described on the enclosed Proxy, as promptly as possible. It is important that your shares be represented at the meeting.

Very truly yours,

Robert E. Sulentic
Chairman and Chief Executive Officer

YOUR VOTE IS IMPORTANT

All stockholders are cordially invited to attend the Annual Meeting in person. However, to ensure your representation at the meeting, you are urged to complete, sign, date and return, in the enclosed postage paid envelope, the enclosed Proxy or to grant your proxy by telephone, as described on the enclosed Proxy, as promptly as possible. Returning your Proxy or granting your proxy by telephone will help the Company assure that a quorum will be present at the meeting and avoid the additional expense of duplicate proxy solicitations. Any stockholder attending the meeting may vote in person even if he or she has returned the Proxy or has granted his or her proxy by telephone.

TRAMMELL CROW COMPANY
2001 Ross Avenue, Suite 3400
Dallas, Texas 75201

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD MAY 19, 2004

PLEASE TAKE NOTICE THAT the 2004 Annual Meeting of Stockholders (the Annual Meeting) of Trammell Crow Company, a Delaware corporation (the Company), will be held on May 19, 2004, at 1:00 p.m., local time, at the Dallas Museum of Art, 1717 Harwood Street, Dallas, Texas 75201, to consider and vote on the following matters:

- (1) Election of two Class I directors of the Company to serve until the Annual Meeting of the Company's stockholders in 2007 and until their respective successors are duly elected and qualified or until their earlier death, resignation or removal from office;
- (2) Ratification of the selection of Ernst & Young LLP as independent auditors of the Company for the year ending December 31, 2004; and
- (3) Such other business as may properly come before the Annual Meeting or any postponements or adjournments thereof.

The close of business on April 1, 2004 (the Record Date), has been fixed as the record date for the determination of stockholders entitled to receive notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof. Only holders of record of Common Stock at the close of business on the Record Date are entitled to notice of, and to vote at, the Annual Meeting. A list of stockholders entitled to vote at the Annual Meeting will be available for inspection by any stockholder for any purpose germane to the Annual Meeting during ordinary business hours for the ten days preceding the Annual Meeting at the Company's offices at the address on this notice, and also at the Annual Meeting.

Whether or not you plan to attend the Annual Meeting, please complete, sign, date and return the enclosed Proxy or grant your proxy by telephone, as described on the enclosed Proxy, as promptly as possible. You may revoke your proxy before the Annual Meeting as described in the Proxy Statement under the heading Solicitation and Revocability of Proxies.

By Order of the Board of Directors,

J. Christopher Kirk
Secretary

Dallas, Texas
April 19, 2004

TRAMMELL CROW COMPANY
2001 Ross Avenue, Suite 3400
Dallas, Texas 75201
(214) 863-3000

PROXY STATEMENT

SOLICITATION AND REVOCABILITY OF PROXIES

The Board of Directors of the Company (the Board of Directors) requests your proxy for use at the Annual Meeting of Stockholders to be held on May 19, 2004, at 1:00 p.m., local time, at the Dallas Museum of Art, 1717 Harwood Street, Dallas, Texas 75201, and at any adjournments or postponements thereof. By signing and returning the enclosed Proxy or granting your proxy by telephone, you authorize the persons named on the Proxy to represent you and to vote your shares at the Annual Meeting. This Proxy Statement and the form of Proxy were first mailed to stockholders of the Company on or about April 19, 2004.

This solicitation of proxies is made by the Board of Directors of the Company and will be conducted primarily by mail. Officers, directors and employees of the Company may solicit proxies personally or by telephone, electronic mail, telegram or other forms of wire or facsimile communication. The Company may also request banking institutions, brokerage firms, custodians, nominees and fiduciaries to forward solicitation material to the beneficial owners of Common Stock that those companies hold of record. The costs of the solicitation, including reimbursement of such forwarding expenses, will be paid by the Company.

If you attend the Annual Meeting, you may vote in person. If you are not present at the Annual Meeting, your shares can be voted only if you have returned a properly signed Proxy, are represented by another proxy or have granted your proxy by telephone. You may revoke your proxy, whether granted by telephone or by returning the enclosed Proxy, at any time before it is exercised at the Annual Meeting by (a) signing and submitting a later-dated proxy to the Secretary of the Company, (b) delivering written notice of revocation of the proxy to the Secretary of the Company, or (c) voting in person at the Annual Meeting. In addition, if you granted your proxy by telephone, you may revoke such grant by resubmitting your proxy by telephone at any time prior to 11:59 p.m., Eastern daylight time, on May 18, 2004. In the absence of any such revocation, shares represented by the persons named on the Proxies will be voted at the Annual Meeting.

VOTING AND QUORUM

The only outstanding voting securities of the Company are shares of Common Stock. As of the close of business on the Record Date, there were 37,051,067 shares of Common Stock outstanding and entitled to be voted at the Annual Meeting.

Each outstanding share of Common Stock is entitled to one vote. The presence, in person or by proxy, of a majority of the shares of Common Stock issued and outstanding and entitled to vote as of the Record Date shall constitute a quorum at the Annual Meeting. The chairman of the meeting or the holders of a majority of the Common Stock entitled to vote who are present or represented by proxy at the Annual Meeting have the power to adjourn the Annual Meeting from time to time without notice, other than an announcement at the Annual Meeting of the time and place of the holding of the adjourned meeting, until a quorum is present. At any such adjourned meeting at which a quorum is present, any business may be

transacted that may have been transacted at the Annual Meeting had a quorum originally been present; provided, that if the adjournment is for more than 30 days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the adjourned meeting. Proxies solicited by this Proxy Statement may be used to vote in favor of any motion to adjourn the Annual Meeting. The persons named on the Proxies intend to vote in favor of any motion to adjourn the Annual Meeting to a subsequent day if, prior to the Annual Meeting, such persons have not received sufficient proxies to approve the proposals described in this Proxy Statement. If such a motion is approved but sufficient proxies are not received by the time set for the resumption of the Annual Meeting, this process will be repeated until sufficient proxies to vote in favor of the proposals described in this Proxy Statement have been received or it appears to the persons named on the Proxies that sufficient proxies will not be received. Abstentions and broker non-votes will count in determining if a quorum is present at the Annual Meeting. A broker non-vote occurs if a broker or other nominee attending the meeting in person or submitting a proxy does not have discretionary authority to vote on a particular item and has not received voting instructions with respect to that item.

PROPOSAL ONE ELECTION OF CLASS I DIRECTORS

The Board of Directors has designated Curtis F. Feeny and Robert E. Sulentic as nominees for election as Class I directors of the Company at the Annual Meeting (each, a Nominee). Messrs. Feeny and Sulentic currently serve as Class I directors. If elected, each Nominee will serve until the expiration of his term at the Annual Meeting of the Company's Stockholders in 2007 and until his successor is duly elected and qualified or until his earlier death, resignation or removal from office. For information about each Nominee, see Directors.

The Board of Directors has no reason to believe that either of the Nominees will be unable or unwilling to serve if elected. If a Nominee becomes unable or unwilling to serve prior to the election, your proxy will be voted for the election of a substitute nominee recommended by the current Board of Directors, or the number of the Company's directors will be reduced.

Required Vote and Recommendation

The election of directors requires the affirmative vote of a plurality of the shares of Common Stock present or represented by proxy and entitled to vote at the Annual Meeting. Accordingly, under Delaware law and the Company's Certificate of Incorporation and Bylaws, abstentions and broker non-votes will not have any effect on the election of a particular director. Unless otherwise instructed on the Proxy or unless authority to vote is withheld, the enclosed Proxy will be voted for the election of each of the Nominees.

The Board of Directors recommends that the stockholders vote FOR the election of each of the Nominees.

PROPOSAL TWO RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS

On March 2, 2004, the Audit Committee of the Board of Directors selected Ernst & Young LLP (Ernst & Young) as the Company's independent auditors for the year ending December 31, 2004. The Company expects that representatives of Ernst & Young will be present at the Annual Meeting to respond to appropriate questions and will have an opportunity to make a statement if they desire to do so.

The Audit Committee has the responsibility for selecting the Company's independent auditors, and stockholder ratification is not required. However, the selection is being submitted for ratification at the Annual Meeting with a view towards soliciting the opinion of the stockholders, which the Audit Committee will take into consideration in future deliberations. If the selection of Ernst & Young as the Company's independent auditors is not ratified at the Annual Meeting, the Audit Committee of the Board of Directors will consider the engagement of other independent auditors, but will not be obligated to do so.

The Audit Committee may terminate the engagement of Ernst & Young as the Company's independent auditors without the approval of the Company's stockholders whenever the Audit Committee deems termination necessary or appropriate.

Required Vote and Recommendation

Ratification of Ernst & Young as the Company's independent auditors for the year ending December 31, 2004, requires the affirmative vote of a majority of the shares of Common Stock present or represented by proxy and entitled to vote at the Annual Meeting. Under Delaware law and the Company's Certificate of Incorporation and Bylaws, an abstention will have the same legal effect as a vote against the ratification of Ernst & Young, and each broker non-vote will reduce the absolute number, but not the percentage, of affirmative votes necessary for approval of the ratification. Unless otherwise instructed on the Proxy or unless authority to vote is withheld, the enclosed Proxy will be voted for the ratification of Ernst & Young as the Company's independent auditors for the year ending December 31, 2004.

The Board of Directors recommends that stockholders vote FOR the ratification of the selection of Ernst & Young LLP as the Company's independent auditors for the year ending December 31, 2004.

DIRECTORS

The following tables set forth certain information regarding the Nominees and the other Directors of the Company:

Name of Nominee	Age	Title	Director's Term Ending (if elected)
Curtis F. Feeny	46	Class I Director	2007
Robert E. Sulentic	47	Chairman of the Board of Directors, Chief Executive Officer, President and Class I Director	2007

Curtis F. Feeny has been a director of the Company since May 2001. Mr. Feeny has served as Managing Director of Voyager Capital, a venture capital firm, since January 2000. From 1992 until 2000, Mr. Feeny served as Executive Vice President of Stanford Management Co., which manages the \$8 billion endowment of Stanford University.

Robert E. Sulentic has been a director of the Company since December 1997 and has served as the Company's President and Chief Executive Officer since October 2000. Mr. Sulentic became Chairman of the Board of Directors in May 2002. Mr. Sulentic served as the Company's Executive Vice President and Chief Financial Officer from September 1998 to October 2000. From December 1997 through August 1998, Mr. Sulentic served as the Company's Executive Vice President and National Director of Development and Investment. From 1995 through July 1998, Mr. Sulentic served as President of Trammell Crow NE, Inc. From 1984 through 1994, Mr. Sulentic was employed by the Company in various other capacities.

Name of Director	Age	Title	Director's Term Ending
William F. Concannon	48	Vice Chairman and Class III Director	2006
James R. Erwin	59	Class II Director	2005
Jeffrey M. Heller	64	Class II Director, Lead Director	2005
Rebecca A. McDonald	51	Class II Director	2005
Rowland T. Moriarty	57	Class III Director	2006
J. McDonald Williams	62	Chairman Emeritus of the Board of Directors and Class III Director	2006

William F. Concannon has been a director of the Company since June 1991 and has served as Vice Chairman of the Company since June 2003. Although Mr. Concannon serves on the Company's Board of Directors, the title Vice Chairman is an officer designation, not a Board of Directors position. From February 2001 to June 2003, Mr. Concannon served as President of the Company's Global Services Group. From June 1991 to February 2001, Mr. Concannon served as President and Chief Executive Officer of Trammell Crow Corporate Services, Inc., a subsidiary of the Company. From 1986 until June 1991, Mr. Concannon was employed by the Company in various other capacities. Mr. Concannon is also a member of the Board of Directors of Charles River Associates Incorporated, an economic research firm based in Boston, Massachusetts. Since June 2000, Mr. Concannon has served at the Company's request as a member of the Board of Directors of Savills plc, a leading property services firm based in the United Kingdom (Savills). The Company delivers services in Europe and Asia through its strategic alliance with Savills and the jointly owned outsourcing company currently doing business under the name Trammell Crow Company. The Company currently owns approximately 10% of Savills' outstanding share capital.

James R. Erwin has been a director of the Company since December 1997. Since May 2001, Mr. Erwin has served as Partner and Managing Director of Erwin Graves & Associates, L.P., a management consulting firm. Mr. Erwin served as Vice Chairman Texas and Senior Client Executive Southwest of Bank of America, N.A. from October 1998 until June 2000. From January 1994 until October 1998, Mr. Erwin served as Vice Chairman for Texas and Corporate Finance Executive West of NationsBank Corp., a predecessor of Bank of America. Mr. Erwin is also a member of the Board of Directors of Carreker Corp., an integrated software solutions and consulting company based in Dallas, Texas, and Texas Capital Bancshares, a bank holding company located in Dallas, Texas.

Jeffrey M. Heller has been a director of the Company since December 1997 and has served as the Company's Lead Director since May 2002. In March 2003, Mr. Heller was named President and Chief Operating Officer and a member of the Board of Directors of Electronic Data Systems Corporation, a global information technology services company based in Plano, Texas (EDS). Mr. Heller had served as Vice Chairman of EDS from December 2000 until his previous retirement in February 2002, and had also served as President and Chief Operating Officer of EDS from June 1996 until December 2000. From 1987 until June 1996, Mr. Heller served as Senior Vice President of EDS with responsibilities for Technical Operations and Asia-Pacific.

Rebecca A. McDonald has been a director of the Company since October 2001. Ms. McDonald has served as President, Gas & Power of BHP Billiton since March 2004. Ms. McDonald served as President of the Houston Museum of Natural Science from October 2001 to February 2004. From February 1999 to August 2001, Ms. McDonald served as Chairman and Chief Executive Officer of Enron Global Assets, a global energy services and commodities company. Ms. McDonald served as President and Chief Executive Officer of Amoco Energy Development Company, a global petroleum and petrochemical company, from July 1993 to January 1999. Ms. McDonald is also a member of the Board of Directors of both Granite Construction Incorporated, a construction and construction materials company, and EGL, Inc., a freight transportation, logistics and supply chain management company.

Rowland T. Moriarty has been a director of the Company since December 1997. Dr. Moriarty has served as Chief Executive Officer of Cubex Corporation, a consulting firm, since 1992. From 1981 to 1992, Dr. Moriarty served as a professor at the Harvard Business School. Dr. Moriarty is also a member of the Board of Directors of Staples Inc., an office supply retailer, and Chairman of the Board of Directors of Charles River Associates Incorporated, an economic research firm based in Boston, Massachusetts.

J. McDonald Williams has been Chairman Emeritus of the Board of Directors since May 2002. Mr. Williams served as the Chairman of the Board of Directors from August 1994 through May 2002. Mr. Williams served as President and Chief Executive Officer of the Company from 1991 until 1994. From 1977 until 1991, Mr. Williams served as Managing Partner of the Company and, from 1973 until 1977, Mr. Williams served as Managing Partner, International Projects for the Company. Mr. Williams is also a member of the Board of Directors of A.H. Belo Corporation, a publishing and media company based in Dallas, Texas.

Director Compensation

The Company's employee directors do not receive compensation solely in their capacity as directors of the Company. The Company's non-employee directors are paid an annual cash retainer of \$30,000 for their service on the Board of Directors and \$5,000 per year for service as Lead Director or as the Chairman of a committee of the Board of Directors. Each non-employee director also receives \$1,500 for every meeting of the Board of Directors (or committee on which such director serves) attended by such director, and \$250 for each time the Board of Directors (or committee on which such director serves) takes action by written consent. In addition, each incumbent non-employee director receives annual equity grants under the Trammell Crow Long-Term Incentive Plan (the "Long-Term Incentive Plan") equal in value to 150% of the annual cash retainer for non-employee directors. Each new non-employee director receives a one-time equity grant equal in value to the annual cash retainer for non-employee directors. See "Executive Compensation" Long-Term Incentive Plan. In addition, all directors are reimbursed for out-of-pocket expenses incurred in connection with their attendance at meetings of the Board of Directors and committees thereof. Mr. Williams has also entered into a consulting agreement with the Company and participates in the Company's healthcare benefit plan and pays the same amount as the Company's active employees for participation in the plan. See "Certain Relationships and Related Transactions" Consulting Agreement.

Term of Office

The Company's Certificate of Incorporation provides that the Board of Directors must be divided into three classes, designated Class I, Class II and Class III, with the directors divided evenly among the classes if possible. If there is a single extra director, that director should serve in Class III. If there are two extra directors, one should serve in Class III and the other should serve in Class II. Directors serve for staggered terms of three years each. Messrs. Feeny and Sulentic currently serve as Class I directors whose terms expire at the Annual Meeting. Messrs. Erwin and Heller and Ms. McDonald currently serve as Class II directors, whose terms expire at the Annual Meeting in 2005. Messrs. Concannon and Williams and Dr. Moriarty currently serve as Class III directors whose terms expire at the Annual Meeting of Stockholders in 2006.

MEETINGS AND COMMITTEES OF DIRECTORS

Board of Directors

The Company's Board of Directors had five meetings during the Company's fiscal year ended December 31, 2003. The Board of Directors has four standing committees: the Executive Committee, the Audit Committee, the Compensation Committee and the Governance Committee. Members of each of the Committees are appointed by the Board of Directors, after considering the recommendation of the Governance Committee. No director attended fewer than 94% of the aggregate of all meetings held by the Board of Directors and, if applicable, all meetings of committees of the Board of Directors on which such director served during 2003. The Company's policy is to encourage members of the Board of Directors to attend the annual meeting. All eight members of the Board of Directors attended the 2003 Annual Meeting of Stockholders.

Executive Committee

The current members of the Executive Committee are Dr. Moriarty (Chairman) and Messrs. Erwin, Feeny and Sulentic. The Executive Committee has and may exercise all of the powers and authorities of the Board of Directors in the management of the business and affairs of the Company except that the Executive Committee is subject to the limitations on such powers or authority as are imposed by applicable law and the Executive Committee does not have the power to (a) amend the Company's charter, bylaws, or any stock option plan or stock distribution plan, (b) adopt agreements of merger or consolidation (other than short form mergers), (c) recommend the dissolution of the Company or the sale, lease or exchange of all or substantially all of the Company's assets, (d) fill vacancies on the Board of Directors or committees (other than temporary vacancies on the Executive Committee), (e) remove the Chairman of the Board of Directors, the President or any officer who is a member of the Board of Directors, (f) fix the compensation of directors, (g) perform any matters relating to compensation of the executive officers of the Company, (h) declare dividends other than dividends payable in accordance with an existing dividend policy established by the Board of Directors, or (i) authorize the issuance of stock except pursuant to an authorization by the Board of Directors or up to 1,000,000 shares of Common Stock issued as consideration in connection with acquisitions otherwise authorized by the Board of Directors. The Executive Committee held five meetings during the Company's fiscal year ended December 31, 2003. The Executive Committee has a written charter that is available on the Company's website at www.trammellcrow.com.

Audit Committee

The current members of the Audit Committee are Messrs. Heller (Chairman), Erwin and Feeny. The Audit Committee assists the Board of Directors in (a) overseeing the Company's accounting and financial reporting processes, principles and policies and internal controls and procedures; (b) monitoring the integrity of the Company's financial statements; (c) selecting, authorizing the engagement of, evaluating and, where deemed appropriate, replacing the independent auditors (or nominating independent auditors to be proposed for stockholder approval); and (d) evaluating the independence of the Company's independent auditors. In addition, the Audit Committee reviews certain related party transactions. The role and other responsibilities of the Audit Committee are set forth in the Audit Committee Charter, which was amended in 2004 and which is attached as *Appendix A* to this Proxy Statement, and which is also available on the Company's website at www.trammellcrow.com. The Audit Committee reviews and reassesses the adequacy of the Audit Committee Charter annually and recommends any proposed changes to the Board of Directors for approval. The Board of Directors has determined that each of Messrs. Heller, Erwin and Feeny meet the independence requirements of the New York Stock Exchange and that each of them is financially literate as required by the rules of the New York Stock Exchange. The Board of Directors has determined that Mr. Heller satisfies the requirements of the Securities and

Exchange Commission (the Commission) for an audit committee financial expert and has designated Mr. Heller as the Company's audit committee financial expert. As the Audit Committee's designated audit committee financial expert, Mr. Heller also meets the requirement of the New York Stock Exchange that one member of the Audit Committee have accounting or related financial management expertise. The Audit Committee had eight meetings during the Company's fiscal year ended December 31, 2003.

Compensation Committee

The current members of the Compensation Committee are Mr. Erwin (Chairman), Mr. Feeny, Ms. McDonald and Dr. Moriarty. The Compensation Committee reviews and approves the Company's plans, policies and programs relating to director and executive officer compensation and also administers the Long-Term Incentive Plan. See Executive Compensation Long-Term Incentive Plan. The Board of Directors has determined that each of Messrs. Erwin and Feeny, Ms. McDonald and Dr. Moriarty meet the independence requirements of the New York Stock Exchange. The Compensation Committee had five meetings during the Company's fiscal year ended December 31, 2003. The Compensation Committee has a written charter that is available on the Company's website at www.trammellcrow.com. For additional information see Compensation Committee Report on Executive Compensation.

Governance Committee

The current members of the Governance Committee are Dr. Moriarty (Chairman) and Messrs. Feeny and Heller. The Governance Committee is charged with advising the Board of Directors concerning (a) the appropriate composition of the Board of Directors and its committees, including identifying individuals qualified to serve on the Board of Directors and its committees, (b) the selection of director nominees for each annual meeting of the Company's stockholders, and (c) appropriate corporate governance practices. The Board of Directors has determined that each of Messrs. Moriarty, Feeny and Heller meet the independence requirements of the New York Stock Exchange. The Governance Committee had four meetings during the Company's fiscal year ended December 31, 2003. The Governance Committee has a written charter that is available on the Company's website at www.trammellcrow.com.

Stockholder Director Candidate Recommendations

The Governance Committee will consider director candidates recommended by stockholders. A stockholder wishing to submit such a recommendation should send a letter addressed to the Governance Committee, c/o Corporate Secretary, Trammell Crow Company, 2001 Ross Avenue, Suite 3400, Dallas, Texas 75201. The mailing envelope must contain a clear notation indicating that the enclosed letter is a Director Candidate Recommendation. The letter must identify the author as a stockholder and provide a brief summary of the candidate's qualifications, as well as contact information for both the candidate and the stockholder. At a minimum, candidates for election to the Board of Directors must meet the independence requirements of Section 303A.02 of the New York Stock Exchange Listed Company Manual and Rule 10A-3 under the Securities Exchange Act of 1934 (the Exchange Act). Candidates should also have relevant business and financial experience, and they must be able to read and have a fundamental understanding of financial statements. Candidates recommended by stockholders are not evaluated differently than candidates recommended by other constituents of the Company. In evaluating director

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candidates, the Governance Committee evaluates all relevant professional and other qualifications as well as the needs of the Company in terms of compliance with the New York Stock Exchange's listing standards and the rules of the Commission.

Meetings of Non-Employee Directors and Lead Director

The Company's non-employee directors meet in executive sessions without management directors in connection with each regularly scheduled meeting of the Board of Directors. The Company's non-employee directors met five times during the Company's fiscal year ended December 31, 2003. Jeffrey M. Heller has been chosen by the Board of Directors to act as the Lead Director and in such capacity he presides at the meetings of non-employee directors. Stockholders wishing to communicate with the Lead Director should send a letter addressed to Jeffrey M. Heller, Lead Director, c/o Corporate Secretary, Trammell Crow Company, 2001 Ross Avenue, Suite 3400, Dallas, Texas 75201. All such communications that are received will be forwarded to Mr. Heller.

Stockholder Communications

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Stockholders may communicate with the Board of Directors or any individual director by sending a letter addressed to the Board of Directors or the individual director, c/o Corporate Secretary, Trammell Crow Company, 2001 Ross Avenue, Suite 3400, Dallas, Texas 75201. All communications that are received will be forwarded to the Board of Directors or the individual director.

CODE OF BUSINESS CONDUCT AND ETHICS

The Company has adopted a code of business conduct and ethics (the Code of Ethics) that applies to all of the Company s officers, directors and employees, including its principal executive officer, principal financial officer, its principal accounting officer, its controller and persons performing similar functions (the principal financial officers). A copy of the Company s Code of Ethics is posted on the Company s Internet website at www.trammellcrow.com and the Company intends to satisfy the disclosure requirement under Item 10 of Form 8-K regarding an amendment to, or waiver from, a provision of its Code of Ethics with respect to its principal financial officers by posting such information on this Internet website.

EXECUTIVE OFFICERS

The following table sets forth information regarding the executive officers of the Company and certain of its subsidiaries:

Name	Age	Title
E. Stevenson Belcher	45	Regional Director, Global Services Western Operations
William F. Concannon	48	Vice Chairman and Director
Diane S. Detering-Paddison	45	National Director, Client Services
James R. Groch	42	President, Strategy and Corporate Development
Michael J. Lafitte	43	President, Global Services
Derek R. McClain	48	Chief Financial Officer
T. Christopher Roth	51	President, Development and Investment Eastern Operations
John A. Stirek	44	President, Development and Investment Western Operations
Robert E. Sulentic	47	Chairman of the Board of Directors, Chief Executive Officer and President

The executive officers named above were elected by the Board of Directors to serve in such capacities until their respective successors have been duly elected and qualified, or until their earlier death, resignation or removal from office. Biographical information on Messrs. Sulentic and Concannon is set forth previously in this Proxy Statement. See Directors.

***E. Stevenson Belcher* has served as the Company's Regional Director, Global Services Western Operations, since August 2002, and has been employed with the Company since 1986. From 2001 until August 2002, Mr. Belcher served as Regional President, Global Services Group International. From 1998 until 2001, Mr. Belcher served as Regional President of the Company's West Region. From 1995 until 1998, Mr. Belcher served as Area President of the Company's Southern California office. From 1988 until 1995, Mr. Belcher served as Managing Director of the Company's Oklahoma City office, where he began his career with the Company as a Leasing Agent from 1986 until 1988. From January 2001 to August 2002, Mr. Belcher served at the Company's request as a member of the Board of Directors of Savills.**

Diane S. Detering-Paddison has served as the Company's National Director, Client Services since May 2002. From 1996 until May 2002, Ms. Detering-Paddison served as Managing Director, then Senior Managing Director of Account Management for the Company's investor clients. From 1987 until 1996, Ms. Detering-Paddison was employed by the Company in various other capacities.

James R. Groch has served as the Company's President, Strategy and Corporate Development, since March 2002. From October 2000 until March 2002, Mr. Groch served as President, E-Commerce and Corporate Development. From September 1998 until September 2000, Mr. Groch served as Chief Investment Officer and Director of Corporate Finance. From January 1996 until September 1998, Mr. Groch served as Managing Director of Trammell Crow NE, Inc. From 1985 until 1996, Mr. Groch was employed by the Company in various other capacities.

***Michael J. Lafitte* has served as President of the Company's Global Services Group since June 2003. From August 2002 until June 2003, Mr. Lafitte served as Chief Operating Officer of the Company's Global Services Group. From October 2000 until August 2002, Mr. Lafitte served as Regional Director Central Region for the Company's Global Services Group. From August 1999 until October 2000, Mr. Lafitte served as City Leader for the Company's Dallas/Fort Worth operations. From 1997 until August 1999, Mr. Lafitte served as Managing Director for the Company's Dallas/Fort Worth Office Leasing Division.**

Derek R. McClain has served as Chief Financial Officer since October 2000. From January 2000 until October 2000, Mr. McClain served as the Company's Chief Administrative Officer and General Counsel. Mr. McClain joined the Company in February 1998 as Executive Vice President and General Counsel and served in those capacities until January 2000. Prior to joining the Company, Mr. McClain was a partner with Vinson & Elkins L.L.P., an international law firm, where he specialized in corporate finance and securities law. Since August 2002, Mr. McClain has served at the Company's request as a member of the Board of Directors of Savills.

T. Christopher Roth has served as the Company's President, Development and Investment Eastern Operations since August 2002. From February 2001 until August 2002, Mr. Roth served as Executive Director of the Company's Development and Investment Group Eastern United States. From January 1999 until February 2001, Mr. Roth served as Regional President for the Company's operations in the Northeastern United States. From January 1996 until January 1999, Mr. Roth served as Area President for the Company's MidAtlantic and Northeast operations. From 1979 until January 1996, Mr. Roth was employed by the Company in various other capacities.

John A. Stirek has served as the Company's President, Development and Investment Western Operations since August 2002. Mr. Stirek served as Chief Operating Officer of the Company's Global Services Group from February 2001 to August 2002. From 1998 until February 2001, Mr. Stirek served as the Company's National Director of Development and Investment. From 1997 until 1998, Mr. Stirek served as the Company's Director of Development and Investment for the Western United States. From 1995 until 1997, Mr. Stirek served as Managing Director for the Company's operations in Oregon and Nevada. From 1986 until 1995, Mr. Stirek was employed by the Company in various other capacities.

EXECUTIVE COMPENSATION

The following table sets forth certain information for the years ended December 31, 2001, 2002 and 2003, concerning the cash and non-cash compensation earned by, or awarded to, all individuals serving as the Chief Executive Officer of the Company during the 2003 fiscal year and each of the other six most highly compensated executive officers of the Company whose annual salary and bonus for the year ended December 31, 2003, exceeded \$100,000 (the Named Executive Officers).

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation		Other Annual Compensation (\$)(2)	Long-Term Compensation			Payouts LTIP Payouts (\$)	All Other Compensation (\$)(3)
		Salary (\$)(1)	Bonus(\$)		Awards Restricted Stock Awards(\$)	Securities Underlying Options (#)			
Robert E. Sulentic	2003	400,000	600,000					7,406	
Chairman, Chief Executive Officer and President	2002	400,000	400,000	15,000	406,500(4)	133,333		6,610	
	2001	350,000	390,000	15,000		120,000		6,021	
William F. Concannon(5) Vice Chairman	2003	310,000	300,000		(6)	(7)		158,030 (8)	
	2002	310,000	220,000	15,551 (9)	825,000	78,000		94,882 (10)	
	2001	287,108	350,000	38,405		95,000		6,023	
James R. Groch President, Strategy and Corporate Development	2003	270,000	380,000			(7)		6,588	
	2002	270,000	325,000	15,000	825,000	65,000		6,088	
	2001	248,400	285,000	15,000		80,000		5,624	
Michael J. Lafitte President, Global Services	2003	270,000	380,000			(7)		227,194 (11)	
	2002	236,244	250,000	15,000	825,000	45,000		221,351 (12)	
	2001	204,300	231,000	7,500		40,000		401,467 (13)	
Derek R. McClain(14) Chief Financial Officer	2003	270,000	325,000			(7)		6,867	
	2002	250,000	280,000	15,000	825,000	57,500		6,310	
	2001	230,000	280,000	15,000		70,000		5,838	
T. Christopher Roth President, Development and Investment Eastern Operations	2003	270,000	325,000	15,000	825,000 (7)	57,500		16,952 (15)	
	2002	270,000	285,000	15,000		70,000		55,467 (16)	
	2001	248,400	225,000					148,206 (17)	
John A. Stirek President, Development and Investment Western Operations	2003	270,000	325,000	142,912 (18)	825,000 (7)	57,500		159,318 (19)	
	2002	270,000	270,000	145,750 (20)		70,000		5,968 (21)	
	2001	248,400	245,000					222,651	

(1) The salary paid in 2001 reflects a voluntary reduction in pay for the last six months of 2001 of 25% for Mr. Sulentic, 16% for Messrs. Concannon, Groch, McClain, Roth and Stirek, and 12% for Mr. Lafitte.

(2) Reflects \$15,000 payments paid to each Named Executive Officer in 2002 and 2003, except that Mr. Lafitte received \$7,500 in 2002, in lieu of the Company providing certain customary executive perquisites.

(3) Reflects a contribution by the Company to the 401(k) Plan (as hereinafter defined) for the benefit of each of the Named Executive Officers in the amounts of \$6,000 for 2003, \$5,500 for 2002 and \$5,100 for 2001. Additionally, the Company maintains a single group term life insurance policy for all of its active employees (approximately 6,200 at March 31, 2004), under which each Named Executive Officer has a death benefit equal to twice his base salary. The Company pays a single premium for the policy. Although it is not possible to determine what portion of the premium might be attributable to the Named Executive Officers individually, the income deemed to be received by the Named Executive Officers under Federal income tax regulations as a result of this benefit is as follows: for 2003, \$1,026 for Mr. Concannon, \$588 for Mr. Groch, \$588 for Mr. Lafitte, \$867 for Mr. McClain, \$1,352 for Mr. Roth, \$468 for Mr. Stirek, and \$1,406 for Mr. Sulentic; for 2002, \$1,026 for Mr. Concannon, \$588 for Mr. Groch, \$498 for Mr. Lafitte, \$810 for Mr. McClain, \$1,352 for Mr. Roth, \$468 for Mr. Stirek, and \$1,110 for Mr. Sulentic; and for 2001, \$923 for Mr. Concannon, \$524 for Mr. Groch, \$738 for Mr. McClain, \$787 for Mr. Roth, \$404 for Mr. Stirek, and \$921 for Mr. Sulentic.

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- (4) Represents the value on the date of grant of 30,000 shares of restricted stock awarded on May 24, 2002. The restrictions lapse with respect to one-third of the shares on May 24 of each of 2003, 2004 and 2005.
- (5) Does not include compensation received by Mr. Concannon for service at the request of the Company as a director of Savills in the amount of (i) £22,500 in 2003 (approximately \$40,019 at the December 31, 2003, average currency exchange rate of \$1.7786/£), (ii) £22,500 in 2002 (approximately \$36,099 at the December 31, 2002, average currency exchange rate of \$1.6044/£) and (iii) £22,500 in 2001 (approximately \$32,659 at the December 31, 2001, average currency exchange rate \$1.4515/£).
- (6) Reflects a \$551 tax gross-up payment related to moving expenses.
- (7) Represents the value on the date of grant of 100,000 shares of restricted stock awarded on March 5, 2003. The restrictions lapse with respect to 40,000 shares on March 5, 2005, and with respect to 20,000 shares on March 5 of each of 2006, 2007 and 2008.
- (8) Reflects \$150,000 in relocation payments, a \$218 payment for taxable moving expenses and a \$786 payment for non-taxable moving expenses.
- (9) Reflects a \$23,405 tax gross-up payment related to moving expenses.
- (10) Reflects \$50,000 in relocation payments, a \$36,575 payment for taxable moving expenses and a \$1,781 payment for non-taxable moving expenses.
- (11) Reflects a \$172,461 bonus paid with respect to the financial performance of certain real estate development transactions and a \$48,145 bonus paid with respect to the performance of certain services contracts.
- (12) Reflects a \$162,725 bonus paid with respect to the financial performance of certain real estate development transactions and a \$52,628 bonus paid with respect to the performance of certain services contracts.
- (13) Reflects bonuses of \$115,085 and \$141,682 paid with respect to the financial performance of certain real estate development transactions and a \$139,600 bonus paid with respect to the performance of a business unit managed by Mr. Lafitte.
- (14) Does not include compensation received by Mr. McClain for service at the request of the Company as a director of Savills in the amount of (i) £22,500 in 2003 (approximately \$40,019 at the December 31, 2003, average currency exchange rate of \$1.7786/£) and (ii) £7,756 in 2002 (approximately \$12,444 at the December 31, 2002, average currency exchange rate of \$1.6044/£).
- (15) Reflects a \$9,600 bonus paid with respect to the financial performance of certain real estate development transactions.
- (16) Reflects a \$48,615 bonus paid with respect to the financial performance of certain real estate development transactions.
- (17) Reflects bonuses of \$138,395 and \$3,924 paid with respect to the financial performance of certain real estate development transactions.
- (18) Includes relocation loan forgiveness income to Mr. Stirek during 2003 in the amount of \$125,000 plus \$1,897 imputed interest and a \$1,015 tax gross-up payment relating to moving expenses. See Certain Relationships and Related Transactions Relocation Loan to Executive Officer.
- (19) Reflects \$150,875 in relocation payments, a \$1,347 payment for taxable moving expenses and a \$628 payment for non-taxable moving expenses.
- (20) Includes relocation loan forgiveness income to Mr. Stirek during 2002 in the amount of \$125,000 plus \$5,750 imputed interest. See Certain Relationships and Related Transactions Relocation Loan to Executive Officer.
- (21) Reflects a \$212,777 payment for taxable moving expenses and a \$4,370 payment for non-taxable moving expenses.

Aggregated Fiscal Year-End Option Values

Shown below is certain information with respect to the number and value of unexercised options held as of December 31, 2003.

Name	Number of Shares Underlying Unexercised Options at December 31, 2003		Value of Unexercised In the Money Options at December 31, 2003\$(1)	
	Exercisable	Unexercisable	Exercisable	Unexercisable
Robert E. Sulentic	279,269	186,249	308,156	224,719
William F. Concannon	261,290	127,250	540,664	183,391
James R. Groch	154,515	106,250	189,969	144,656
Michael J. Lafitte	116,691	62,584	90,906	70,969
Derek R. McClain	110,422	94,375	148,447	134,853
T. Christopher Roth	135,401	93,125	161,125	124,875
John A. Stirek	140,140	93,125	161,125	124,875

(1) Based on a value per share of Common Stock equal to \$13.25, the price per share of Common Stock for the last trade reported by the New York Stock Exchange on December 31, 2003.

Long-Term Incentive Plan

The Company's Long-Term Incentive Plan offers an ownership interest in the Company through the distribution of awards including incentive stock options qualified as such under U.S. federal income tax laws, stock options that do not qualify as incentive stock options, stock appreciation rights, restricted stock awards, and performance units. The maximum aggregate number of shares of Common Stock that may be subject to awards under the Long-Term Incentive Plan is 8,634,878. Through March 31, 2004, the Company had issued 1,647,964 shares of restricted stock (net of forfeitures) under the Long-Term Incentive Plan. As of March 31, 2004, there were outstanding options to acquire an aggregate of 5,352,004 shares of Common Stock under the Long-Term Incentive Plan. The exercise prices for such stock options range from \$9.74 to \$36.00. As of March 31, 2004, the Company has granted performance units representing the right to receive, at the election of the grantee, an aggregate of 11,766 shares of the Company's common stock or cash in an amount equal to the fair market value of such shares of common stock on the distribution date or dates. At March 31, 2004, the Company had previously issued 143,092 shares of Common Stock upon the exercise of non-qualified stock options under the Long-Term Incentive Plan. Accounting for such previous exercises and the outstanding awards described in this paragraph, at March 31, 2004, the maximum number of shares that may be subject to future awards under the Long-Term Incentive Plan is 1,480,052. If any currently outstanding awards are forfeited in the future, the shares underlying such forfeited awards will become eligible for reissuance under the Long-Term Incentive Plan.

Upon a change in control of the Company, if approved by the Compensation Committee of the Board of Directors, (a) all outstanding stock options and stock appreciation rights will immediately vest and become exercisable by the holder, (b) the restriction period on all awards of restricted stock will immediately be accelerated and the restrictions will expire, (c) the target payout opportunity attainable under all performance units will be deemed to be fully earned for all performance periods and the holder will be paid (in cash within 30 days after the change in control for cash-based performance units and in stock upon the change in control for stock-based performance units) a pro rata portion of all associated targeted payout opportunities based on the number of complete and partial calendar months elapsed as of the date of the change in control. In the event that a change in control involves a merger or consolidation in which the Company is not the surviving entity or in which all of the outstanding shares of capital stock of the Company are exchanged for shares of capital stock in another entity, or in the event a change in control involves a sale of substantially all of the assets of the Company, and in connection with the change in control securities, cash or property are issuable or deliverable in exchange for capital stock of the

Company, then the holders of awards granted under the Long-Term Incentive Plan will be entitled to receive (in a form appropriate for each particular form of award) the amount of securities, cash or property to which they would be entitled as if their particular award were in the form of capital stock of the Company. In addition, under employment agreements with Messrs. Sulentic, Concannon, Groch, McClain, Stirek, Roth and Lafitte, the Company has agreed that all awards held by these executive officers will automatically vest in full upon the occurrence of a change in control.

Assumed Option Plan

In connection with the formation of the Company in 1997 as the successor to Trammell Crow Company, a Texas close corporation (the Predecessor Company), the Company agreed to assume the Trammell Crow Company 1997 Stock Option Plan (the Assumed Option Plan), which had been adopted by the Predecessor Company. On August 1, 1997, the Predecessor Company granted to certain of its employees nonqualified stock options to acquire an aggregate of 1,626 shares of its common stock, which constitutes all shares authorized under the Assumed Option Plan. In connection with the formation of the Company, the Company assumed the Predecessor Company's obligations with respect to all such options, and the Company became obligated to issue up to an aggregate of 2,423,769 shares of Common Stock at a purchase price of \$3.85 per share upon the exercise of such options. All of such options vested upon the closing of the Company's initial public offering in November 1997 and became exercisable 30 days thereafter. The options expire on August 1, 2007, and are not contingent on continued employment with the Company. As of March 31, 2004, 1,503,547 shares of Common Stock had been issued upon the exercise of options pursuant to the Assumed Option Plan and 920,222 shares were the subject of outstanding awards under the Assumed Option Plan. No additional options will be granted under the Assumed Option Plan.

Employee Stock Purchase Plan

The Company maintains The Trammell Crow Company Employee Stock Purchase Plan (the Stock Purchase Plan) to encourage employees to become and remain stockholders of the Company and to provide employees an opportunity to do so through payroll deductions. Purchases of stock under the Stock Purchase Plan are intended to qualify under the provisions of Sections 421 and 423 of the Internal Revenue Code of 1986 (as amended, the Code). All regular full-time or part-time employees of the Company or any of its parent or subsidiary corporations (other than certain international employees) who are customarily employed at least 20 hours per week and at least 5 months per year are eligible to participate in the Stock Purchase Plan in an amount up to 10% of their annual compensation not to exceed 2,500 shares of common stock in any option period (which occur twice in each calendar year) or \$25,000 worth of common stock in any calendar year, subject to other limitations imposed by Section 423(b) of the Code. Additionally, no employee may purchase stock pursuant to the Stock Purchase Plan if after the purchase the employee would own 5% or more of the voting power or value of all classes of stock of the Company or its subsidiaries. The purchase price per share at which shares of Common Stock are sold under the Stock Purchase Plan is an amount equal to 85% of the lower of the fair market value of Common Stock on the first day of the relevant option period or the fair market value on the last day of such option period. Employees may not sell stock purchased through the Stock Purchase Plan for a period of six months from the date of purchase. At March 31, 2004, approximately 5,700 employees of the Company and its subsidiaries were eligible to participate in the Stock Purchase Plan. A total of 2,000,000 shares of Common Stock are reserved for issuance and may be subject to outstanding awards under the Stock Purchase Plan. Through March 31, 2004, 923 eligible employees of the Company and its subsidiaries had elected to participate in the Stock Purchase Plan. Through March 31, 2004, participants had purchased an aggregate of 1,715,689 shares of Common Stock under the Stock Purchase Plan at a weighted average purchase price of \$11.25 per share.

401(k) Plan

The Company sponsors a retirement plan called the Trammell Crow Company Retirement Savings Plan (the 401(k) Plan). As of December 31, 2003, the total assets held by the 401(k) Plan were valued at approximately \$161,343,588. CG Trust Company is the trustee for the assets held under the Company's 401(k) Plan (other than certain life insurance policies held under a trust for which Robert A. James and Derek R. McClain are the trustees). Employees (including members of management) are eligible to make voluntary contributions under the 401(k) Plan which in some instances may range up to 100% of their annual compensation, subject to the applicable limitations in the Code. The Company is permitted to make a discretionary contribution to the 401(k) Plan each fiscal quarter which is allocated among participants as a matching contribution based on their contributions under the 401(k) Plan. The Company's current policy is to match up to the lesser of (i) 50% of all contributions up to 6% of an employee's compensation and (ii) \$6,500 per year. The 401(k) Plan permits employees to direct investments of their accounts in Common Stock and among a selection of mutual funds. At December 31, 2003, approximately 1.5% of the 401(k) Plan assets consisted of Common Stock. The 401(k) Plan is intended to qualify as a profit sharing plan under Sections 401(a) and 401(k) of the Code.

Employment Agreements

Robert E. Sulentic. The Company and Mr. Sulentic entered into an employment agreement effective October 17, 2003, with the initial term ending December 31, 2006. The agreement automatically renews for additional one-year terms each December 31 unless either the Company or Mr. Sulentic provides a notice of termination. The Employment Agreement provides that Mr. Sulentic will receive an annual base salary in accordance with the customary payroll practices of the Company for executive officers, subject to increase at any time by the Board of Directors, or decrease in the same manner and to the same extent that the annual base salary of other senior executives are decreased. Mr. Sulentic is eligible to receive annual bonus payments as the Board of Directors or the Compensation Committee of the Board of Directors may specify in its sole discretion (provided that any performance criteria established by the Board of Directors or the Compensation Committee must be reasonably achievable). Mr. Sulentic is also entitled to participate in the Company's compensation, retirement, health and welfare benefit plans applicable to its executive officers. Mr. Sulentic is entitled to certain termination payments in the event that, prior to a change in control, he is terminated by the Company without cause or he terminates his employment with good reason.

If a change in control of the Company occurs and Mr. Sulentic's employment is terminated on or within two years thereafter by the Company without cause, by Mr. Sulentic for good reason, or upon the Company's election not to renew Mr. Sulentic's employment, Mr. Sulentic is entitled to receive the following compensation in addition to awarded but unpaid bonuses and accrued base salary, benefits and investment plan participation amounts: (i) cash payments in the amounts of three times (a) Mr. Sulentic's highest annual base salary for the preceding 12 months, and (b) one-half of Mr. Sulentic's mean annual bonus for the preceding three years plus one-half of Mr. Sulentic's current annual bonus target; (ii) cash payments in the amounts of (a) the unvested portion of any matching contribution account under the Company's 401(k) Plan, and (b) three times the Company's matching contribution under the Company's 401(k) Plan for the calendar year prior to the year in which the termination occurs; (iii) continuing coverage under the Company's health plan for three years, with the active employee cost to be paid by Mr. Sulentic; (iv) a pro-rated bonus payment based on the average percentage of annual cash incentive bonuses paid to other senior executives of the Company payable when such incentive bonuses are paid to other senior executives; (v) expenses for enrollment in an outplacement program for up to 12 months; and (vi) continued vesting of all awards granted after a change in control under the Company's Long-Term Incentive Plan for a period of two years. Mr. Sulentic also may terminate his employment no later than the seventh calendar month following a change in control and receive the compensation and benefits described above. Upon a change in control, all awards held by Mr. Sulentic pursuant to the Company's equity incentive plans will automatically vest and become exercisable.

The employment agreement provides that Mr. Sulentic may not compete with the Company or solicit employees of the Company, or interfere with certain of the Company's business relationships, during his employment with the Company and for 15 months after termination in the event the termination is by the Company for cause, by Mr. Sulentic without good reason, or due to a non-renewal election by Mr. Sulentic within two years after a change in control.

William F. Concannon. The Company and Mr. Concannon entered into an employment agreement effective November 24, 2003, with the initial term ending on March 31, 2006, and automatically renewing for additional one-year terms each March 31 unless either the Company or Mr. Concannon provides a notice of termination. The employment agreement provides that Mr. Concannon will receive an annual base salary in the amount of \$310,000, subject to increase at any time by the Board of Directors, and annual bonus payments up to 175% of his annual base salary. Mr. Concannon is also entitled to participate in the Company's compensation, retirement, health and welfare benefit plans applicable to its executive officers. Mr. Concannon is entitled to certain termination payments in the event that, prior to a change in control, he is terminated by the Company without cause or he terminates his employment with good reason.

If a change in control of the Company occurs and Mr. Concannon's employment is terminated on or within two years thereafter by the Company without cause or by Mr. Concannon for good reason, Mr. Concannon is entitled to receive the following compensation in addition to awarded but unpaid bonuses and accrued base salary, benefits and investment plan participation amounts: (i) cash payments in the amounts of one and one-half times (a) Mr. Concannon's highest annual base salary for the preceding 12 months, and (b) one-half of Mr. Concannon's mean annual bonus for the preceding three years plus one-half of Mr. Concannon's current annual bonus target; (ii) continuing coverage under the Company's health plan for two and one-half years, with the active employee cost to be paid by Mr. Concannon; (iii) a pro-rated bonus payment based on the average percentage of annual cash incentive bonuses paid to other senior executives of the Company payable when such incentive bonuses are paid to other senior executives; and (iv) continued vesting of all awards granted after a change in control under the Company's Long-Term Incentive Plan for a period of twelve months. Upon a change in control, all awards held by Mr. Concannon pursuant to the Company's equity incentive plans will automatically vest and become exercisable.

The employment agreement provides that Mr. Concannon may not compete with the Company or solicit employees of the Company, or interfere with certain of the Company's business relationships, during his employment with the Company and for 12 months after termination in the event the termination is by the Company for cause, by Mr. Concannon without good reason, or due to a non-renewal election by Mr. Concannon within one year after a change in control.

James R. Groch. The Company and Mr. Groch entered into an employment agreement effective October 17, 2003, with an initial term ending on December 31, 2006, and automatically renewing for additional one-year terms each December 31 unless either the Company or Mr. Groch provides a notice of termination. The Employment Agreement provides that Mr. Groch will receive an annual base salary payable in accordance with the customary payroll practices of the Company for executive officers, subject to increase at any time by the Board of Directors, and subject to decrease in the same manner and to the same extent that the annual base salary of other senior executives is decreased. Mr. Groch is eligible to receive annual bonus payments as the Board of Directors or the Compensation Committee of the Board of Directors may specify in its sole discretion (provided that any performance criteria established by the Board of Directors or the Compensation Committee must be reasonably achievable). Mr. Groch is also entitled to participate in the Company's compensation, retirement, health and welfare benefit plans applicable to its executive officers. Mr. Groch is entitled to certain termination payments in the event that, prior to a change in control, he is terminated by the Company without cause or he terminates his employment with good reason.

If a change in control of the Company occurs and Mr. Groch's employment is terminated on or within two years thereafter by the Company without cause, by Mr. Groch for good reason or upon the Company's

election not to renew Mr. Groch's employment, Mr. Groch is entitled to receive the following compensation in addition to awarded but unpaid bonuses and accrued base salary, benefits and investment plan participation amounts: (i) cash payments in the amounts of two and one-half times (a) Mr. Groch's highest annual base salary for the preceding 12 months, and (b) one-half of Mr. Groch's mean annual bonus for the preceding three years plus one-half of Mr. Groch's current annual bonus target; (ii) cash payments in the amounts of (a) the unvested portion of any matching contribution account under the Company's 401(k) Plan, and (b) two and one-half times the Company's matching contribution under the Company's 401(k) Plan for the calendar year prior to the year in which the termination occurs; (iii) continuing coverage under the Company's health plan for two and one-half years, with the active employee cost to be paid by Mr. Groch; (iv) a pro-rated bonus payment based on the average percentage of annual cash incentive bonuses paid to other senior executives of the Company payable when such incentive bonuses are paid to other senior executives; (v) expenses for enrollment in an outplacement program for up to 12 months; and (vi) continued vesting of all awards granted after a change in control under the Company's Long Term Incentive Plan for a period of 18 months. Mr. Groch also may terminate his employment no later than the seventh calendar month following a change in control and receive the compensation and benefits described above. Upon a change in control, all awards held by Mr. Groch pursuant to the Company's equity incentive plans will automatically vest and become exercisable.

The employment agreement provides that Mr. Groch may not compete with the Company or solicit employees of the Company, or interfere with certain of the Company's business relationships, during his employment with the Company and for 12 months after termination in the event the termination is by the Company for cause, by Mr. Groch without good reason, or due to a non-renewal election by Mr. Groch within two years after a change in control.

Michael J. Lafitte. The Company and Mr. Lafitte entered into an employment agreement effective January 9, 2004, with an initial term ending on December 31, 2006, and automatically renewing for additional one-year terms each December 31 unless either the Company or Mr. Lafitte provides a notice of termination. The Employment Agreement provides that Mr. Lafitte will receive an annual base salary payable in accordance with the customary payroll practices of the Company for executive officers, subject to increase at any time by the Board of Directors, and subject to decrease in the same manner and to the same extent that the annual base salary of other senior executives is decreased. Mr. Lafitte is eligible to receive annual bonus payments as the Board of Directors or the Compensation Committee of the Board of Directors may specify in its sole discretion (provided that any performance criteria established by the Board of Directors or the Compensation Committee must be reasonably achievable). Mr. Lafitte is also entitled to participate in the Company's compensation, retirement, health and welfare benefit plans applicable to its executive officers. Mr. Lafitte is entitled to certain termination payments in the event that, prior to a change in control, he is terminated by the Company without cause or he terminates his employment with good reason.

If a change in control of the Company occurs and Mr. Lafitte's employment is terminated on or within two years thereafter by the Company without cause or by Mr. Lafitte for good reason, Mr. Lafitte is entitled to receive the following compensation in addition to awarded but unpaid bonuses and accrued base salary, benefits and investment plan participation amounts: (i) cash payments in the amounts of two and one-half times (a) Mr. Lafitte's highest annual base salary for the preceding 12 months, and (b) one-half of Mr. Lafitte's mean annual bonus for the preceding three years plus one-half of Mr. Lafitte's current annual bonus target; (ii) cash payments in the amounts of (a) the unvested portion of any matching contribution account under the Company's 401(k) Plan, and (b) two and one-half times the Company's matching contribution under the Company's 401(k) Plan for the calendar year prior to the year in which the termination occurs; (iii) continuing coverage under the Company's health plan for two and one-half years, with the active employee cost to be paid by Mr. Lafitte; (iv) a pro-rated bonus payment based on the average percentage of annual cash incentive bonuses paid to other senior executives of the Company

payable when such incentive bonuses are paid to other senior executives; (v) expenses for enrollment in an outplacement program for up to 12 months; and (vi) continued vesting of all awards granted after a change in control under the Company's Long Term Incentive Plan for a period of 18 months. If a change in control of the Company occurs and Mr. Lafitte's employment is terminated on or within two years thereafter upon the Company's election not to renew Mr. Lafitte's employment, Mr. Lafitte is entitled to receive in addition to awarded but unpaid bonuses and accrued base salary, benefits and investment plan participation amounts: (x) a pro-rated bonus based on Mr. Lafitte's annual base salary and the average percentage of annual cash incentive bonus paid to members of the Executive Officer Committee, and (y) any severance or separation benefits provided generally by the Company to the members of the Executive Officer Committee under its general policies in effect at that time. Upon a change in control, all awards held by Mr. Lafitte pursuant to the Company's equity incentive plans will automatically vest and become exercisable.

The employment agreement provides that Mr. Lafitte may not compete with the Company or solicit employees of the Company, or interfere with certain of the Company's business relationships, during his employment with the Company and for 12 months after termination in the event the termination is by the Company for cause or by Mr. Lafitte without good reason.

Derek R. McClain. The Company and Mr. McClain entered into an employment agreement effective October 17, 2003, with an initial term ending on December 31, 2006, that has terms substantially similar to the employment agreement between the Company and Mr. Groch described above.

T. Christopher Roth. The Company and Mr. Roth entered into an employment agreement effective April 6, 2004, with an initial term ending on December 31, 2006, and automatically renewing for additional one-year terms each December 31 unless either the Company or Mr. Roth provides a notice of termination. The Employment Agreement provides that Mr. Roth will receive an annual base salary payable in accordance with the customary payroll practices of the Company for executive officers, subject to increase at any time by the Board of Directors, and subject to decrease in the same manner and to the same extent that the annual base salary of other senior executives is decreased. Mr. Roth is eligible to receive annual bonus payments as the Board of Directors or the Compensation Committee of the Board of Directors may specify in its sole discretion (provided that any performance criteria established by the Board of Directors or the Compensation Committee must be reasonably achievable). Mr. Roth is also entitled to participate in the Company's compensation, retirement, health and welfare benefit plans applicable to its executive officers. Mr. Roth is entitled to certain termination payments in the event that, prior to a change in control, he is terminated by the Company without cause or he terminates his employment with good reason.

If a change in control of the Company occurs and Mr. Roth's employment is terminated on or within two years thereafter by the Company without cause, by Mr. Roth for good reason or upon the Company's election not to renew Mr. Roth's employment, Mr. Roth is entitled to receive the following compensation in addition to awarded but unpaid bonuses and accrued base salary, benefits and investment plan participation amounts: (i) cash payments in the amounts of two and one-half times (a) Mr. Roth's highest annual base salary for the preceding 12 months, and (b) one-half of Mr. Roth's mean annual bonus for the preceding three years plus one-half of Mr. Roth's current annual bonus target; (ii) cash payments in the amounts of (a) the unvested portion of any matching contribution account under the Company's 401(k) Plan, and (b) two and one-half times the Company's matching contribution under the Company's 401(k) Plan for the calendar year prior to the year in which the termination occurs; (iii) continuing coverage under the Company's health plan for two and one-half years, with the active employee cost to be paid by Mr. Roth; (iv) a pro-rated bonus payment based on the average percentage of annual cash incentive bonuses paid to other senior executives of the Company payable when such incentive bonuses are paid to other senior executives; (v) expenses for enrollment in an outplacement program for up to 12 months; and (vi) continued vesting of all awards granted after a change in control under the Company's Long Term

Incentive Plan for a period of 18 months. Upon a change in control, all awards held by Mr. Roth pursuant to the Company's equity incentive plans will automatically vest and become exercisable.

The employment agreement provides that Mr. Roth may not compete with the Company or solicit employees of the Company, or interfere with certain of the Company's business relationships, during his employment with the Company and for 12 months after termination in the event the termination is by the Company for cause, by Mr. Roth without good reason, or due to a non-renewal election by Mr. Roth within two years after a change in control.

John A. Stirek. The Company and Mr. Stirek entered into an employment agreement effective March 2, 2004, with an initial term ending on December 31, 2006, that has terms substantially similar to the employment agreement between the Company and Mr. Roth described above.

AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors is currently composed of Jeffrey M. Heller, James R. Erwin and Curtis F. Feeny. As set forth in the Audit Committee Charter, management of the Company is responsible for the preparation, presentation and integrity of the Company's financial statements, the Company's accounting and financial reporting principles and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent accountants are responsible for auditing the Company's financial statements in accordance with generally accepted auditing standards and expressing an opinion as to their conformity with generally accepted accounting principles. In the performance of its oversight function, the Audit Committee has reviewed and discussed with the Company's management and the Company's independent accountants the Company's audited financial statements for the year ended December 31, 2003. The Audit Committee has also discussed with the Company's independent accountants the matters required to be discussed by Statement on Auditing Standards No. 61 (Communications with Audit Committees) as currently in effect. In addition, the Audit Committee has received the written disclosures and the letter from the Company's independent accountants required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) as currently in effect. The Audit Committee has also considered whether the independent accountants' provision of non-audit services to the Company is compatible with maintaining the accountants' independence and discussed with them their independence from the Company and its management.

Although the members of the Audit Committee meet the applicable membership requirements of the New York Stock Exchange, they are not professionally engaged in the practice of accounting or auditing. Members of the Audit Committee rely without independent verification on the information provided to them and on the representations made by management and the independent accountants. Accordingly, the Audit Committee's oversight does not provide an independent basis by which to determine that management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee's considerations and discussions referred to above do not assure that the audit of the Company's financial statements has been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with generally accepted accounting principles or that the Company's independent accountants are in fact independent.

Based upon the reports and the Audit Committee's discussions described in this report, and subject to the limitations on the role and responsibilities of the Audit Committee referred to above and in the Audit Committee Charter, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2003.

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This Audit Committee of the Board of Directors is:

Jeffrey M. Heller, Chairman
James R. Erwin
Curtis F. Feeny

FEES PAID TO INDEPENDENT AUDITORS

The following table sets forth the fees paid to Ernst & Young for services provided during the years ended December 31, 2003 and 2002.

	2003	2002
Audit Fees(1)	\$ 820,355	\$ 678,045
Audit-Related Fees(2)	144,717	184,098
Tax Fees(3)	80,472	236,175
All Other Fees		
Total	\$ 1,045,544	\$ 1,098,318

- (1) Represents fees for professional services provided in connection with the audit of the Company's annual financial statements and review of the Company's quarterly financial statements.
- (2) Represents fees for professional services in connection with matters related to the Company's employee benefit plan, accounting consultations on matters related to internal controls, acquisitions and purchases, and attest services not required by statute or regulation.
- (3) Represents fees for professional services in connection with tax return preparation and tax consulting and review.

During 2003, the Audit Committee pre-approved all of the services described above. All non-audit services were reviewed with the Audit Committee, which concluded that the provision of such services by the Ernst & Young was compatible with the maintenance of the outside auditor's independence in the conduct of its auditing functions.

AUDIT COMMITTEE POLICIES AND PROCEDURES FOR PRE-APPROVAL OF AUDIT AND NON-AUDIT SERVICES

The Audit Committee is responsible for pre-approving audit and non-audit services performed by the independent auditor in order to assure that the provision of those services does not impair the auditor's independence. Unless a service to be provided by the independent auditor has been pre-approved by the Audit Committee under an annual pre-approval policy framework adopted by the Audit Committee, it will require specific pre-approval of the engagement terms by the Audit Committee. The Audit Committee's pre-approval policy adopted on March 2, 2004, contemplates that each year the Audit Committee will designate detailed categories of recurring or foreseeable specified audit services, audit-related services, tax services and other services that may be performed without further specific engagement pre-approval. The Audit Committee may delegate pre-approval authority to one or more of its members, including to a subcommittee of the Audit Committee. As contemplated by these procedures, the Audit Committee has approved a pre-approval policy framework listing specified audit and non-audit services and determining that the types of non-audit services proposed to be performed by the independent auditor will not affect its independence.

The Audit Committee will receive regular reports informing it of the status of each service being performed pursuant to its pre-approval policy. The Audit Committee may adjust, supplement or revise its

policy for pre-approval of services as it deems necessary or appropriate. Pre-approval requirements extend not only to audit and non-audit services performed for the Company, but also to those performed for the Company's subsidiaries.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

Role of the Compensation Committee

The Compensation Committee of the Board of Directors (the Committee) was comprised of Mr. Erwin, Ms. McDonald and Dr. Moriarty until March 2004. In March 2004 Mr. Feeny was added to the Committee. Each of Mr. Erwin, Mr. Feeny, Ms. McDonald and Dr. Moriarty is a non-employee director of the Company and has been found by the Board of Directors to be independent.

The Committee serves the purposes and carries out the duties established for it in the Compensation Committee Charter adopted by the Board of Directors. These purposes and duties include determining the compensation for the non-employee members of the Board of Directors and the annual salary, bonuses and long-term incentive awards for the Company's executive officers, including the Chief Executive Officer. The Committee also administers the Long-Term Incentive Plan and, subject to the provisions of such plan, determines grants under such plan for all consultants, directors and employees, including executive officers. Certain matters considered by the Compensation Committee are resolved subject to review and approval by the full Board of Directors.

The Committee held five meetings during the Company's fiscal year ended December 31, 2003. At those meetings the Committee (i) reviewed the Company's compensation practices, (ii) established compensation levels for the Company's senior executives, (iii) made awards of stock options and restricted stock grants to non-employee directors, certain senior executives and other key employees of the Company and its subsidiaries, and (iv) considered other matters related to the role that compensation and related topics play in pursuing the strategic objectives established by the Board of Directors.

Principles of Executive Compensation

The Company's executive compensation philosophy is designed to provide competitive levels of compensation that integrate pay with the Company's annual and long-term performance goals, reward above-average performance, recognize individual initiative and achievements, assist the Company in attracting and retaining talented executives and align the interests of executives with the long-term interests of the Company's stockholders. The Company believes that furtherance of these objectives is best accomplished by providing senior executives with compensation packages that consist of a combination of base salary, annual incentive bonus and stock option and restricted stock grants. The Company's base salary component is designed to be comparable to median base salaries paid by other real estate companies, other service companies comparable in size to the Company and other organizations with whom the Company competes for the services of the professionals that execute the Company's business. The Company emphasizes performance-related incentive compensation to reward executives for favorable individual performance, favorable Company performance (including financial performance) and the creation of stockholder value. This balance is intended to reflect each executive's position, tenure, experience and ability to affect the Company's performance, and to provide the executive with strong financial incentives to achieve key business and individual performance objectives.

The Committee takes into account various quantitative indicators of corporate and individual performance in determining the level of compensation for the senior executives (such as growth in earnings and the achievement of personal or business unit objectives). These quantitative measures may vary from employee to employee and from year to year depending on the strategic objectives the Company wishes to emphasize at the time the measures are established. For instance, while Company earnings are

generally a primary driver of executive compensation, during an economic trough the Committee may establish performance objectives that focus on other quantitative criteria, such as cost reductions, recovery of invested capital, repayment of outstanding indebtedness and other measures intended to assure that the Company continues in strong financial health through a market downturn that might impact the Company's short term financial performance. The Committee also recognizes the importance of individual achievements that may be difficult to quantify, and accordingly recognizes qualitative factors, such as demonstrated leadership and overall contributions to the Company.

From time to time the Company determines competitive levels of compensation for executive positions based on information drawn from compensation surveys, proxy statements for comparable organizations and other information provided by the Compensation Committee's compensation consultants. The compensation surveys, proxy statements and other information used are for other real estate companies, other service companies comparable in size to the Company and other organizations with whom the Company competes for the services of the professionals that execute the Company's business.

It should be noted that the value of any individual executive's compensation package will vary significantly based on performance. While the expected value of an executive's compensation package may be competitive, actual payments made to executives in a given year may be higher or lower than competitive market rates because of performance.

Description of the Executive Compensation Program

The compensation of executive officers is periodically reviewed to ensure an appropriate mix of base salary, annual incentive and long-term incentive to provide competitive total direct compensation opportunities consistent with the pay philosophy articulated above. A description of each of the principal elements of the Company's 2003 executive compensation program follows.

Base Salary

The Company believes that it is crucial to provide competitive salaries in order to attract and retain talented executive officers. The objective of the Company's base salary program is to provide executive officers with salaries that are comparable to the market median. Given that the Company competes with other organizations that have different management structures and different business mixes, establishing the appropriate market median is a complex and inherently imprecise undertaking. Base salaries for individual executives are set at levels considered appropriate in light of their position, level of responsibility within the Company, tenure and performance. Base salaries are reviewed annually by the Committee and are subject to adjustment based on evaluations of an executive's past and expected future contributions to the Company and changes in competitive pay levels.

Annual Cash Bonus

The Company's annual cash bonus program assists the Company in rewarding and motivating key employees. Cash bonus awards for the Company's senior executives are targeted at levels which, when combined with the executive's base salary, provide the executive with annual cash compensation that is consistent with market rates. The Company's Chief Executive Officer was assigned a 2003 bonus target of 200% of his annual salary. As a percentage of salary, 2003 bonus targets for other senior executives ranged from 150% to 175%. While these amounts are established as bonus targets, the Committee has discretion to award senior executives bonus amounts that are less than or in excess of the bonus targets, depending on an assessment of the executive's performance and the overall performance of the Company.

With respect to each fiscal year, each senior executive is assigned performance objectives that are consistent with the Company's strategic objectives established by the Board of Directors. These objectives

may relate to the executive's personal performance or performance of the executive's business unit or the Company as a whole. Following the end of the fiscal year, the executive's actual performance is measured against the performance objectives established for that year. Under the Company's current annual cash bonus program, the aggregate amount available for bonus payments to all senior executives is determined by the level of the Company's pre-tax earnings. The amount paid to each individual executive depends upon the extent to which his or her performance objectives are achieved for the relevant performance period, and how that executive's performance compares to the performance of his or her peers at the Company.

The Committee reviews the specific objectives and standards under the Company's cash bonus program annually in order to ensure consistency with the Company's business strategy and prevailing market conditions.

Equity Incentive Compensation

The Company believes that certain of its senior executives should have an ongoing stake in the long-term success of the Company's business. The Company also believes that these senior executives should have a sizeable portion of their total potential compensation based upon the value of the Company's stock, since stock-related compensation aligns the executive's economic interests with that of the Company's stockholders. The Committee periodically reviews the Company's practices with respect to equity-based compensation, and has revised those practices from time to time as it deems appropriate to aid the Company in the pursuit of its strategic objectives.

The Long-Term Incentive Plan authorizes the granting of incentive and nonqualified stock options, stock appreciation rights and restricted stock awards to directors, executives and other key employees and consultants of the Company and its subsidiaries. To align the interests of senior executives with the interests of stockholders, the Committee's policy regarding such awards in 2002 and prior years was generally to grant non-qualified stock options. Under this stock option grant program, the Committee determined the levels of options to be granted to each of its executives based upon such executive's position, ability to affect Company performance, tenure and the achievement of performance objectives established for the executive and/or the executive's business unit. All options granted under the Long-Term Incentive Plan have had an exercise price equal to the fair market value of a share of Common Stock at the time of the grant. To encourage retention, the ability to exercise options granted under this plan is generally subject to vesting restrictions.

Although, prior to 2003, the Committee had generally used stock option grants as the primary method of equity incentive compensation for Company executives, in March 2003 the Committee granted an aggregate of 1,398,000 restricted shares to a selected number of senior officers in order to encourage retention of such officers. Each person who was an executive officer at the time of the grant received 100,000 of such shares. These restricted shares vest over a period of five years, with 40% vesting on the second anniversary of the date of grant and 20% vesting on each of the third, fourth and fifth anniversaries of the date of grant. Mr. Sulentic voluntarily and unconditionally forfeited the 100,000 shares he received as part of this grant. Mr. Sulentic's stated reason for this forfeiture was his belief that, at the point in the economic cycle at which the Company was then operating, it was not in the Company's best interest for one in his position to accept the proposed grant.

The Committee will review annually the size and form of equity incentives for senior executives to ensure that its equity incentive compensation program is consistent with the Company's business strategy and prevailing market conditions.

Chief Executive Officer Pay

The Committee reviews the compensation of the Chief Executive Officer, who is responsible for the strategic and financial performance of the Company, and the Committee's recommendation with respect to the Chief Executive Officer's compensation is subject to approval by the Board of Directors. Based on information available to the Committee, the Committee believes that the base salary and other compensation paid to Mr. Sulentic for his service as the Company's Chief Executive Officer in 2003 was consistent with compensation being paid to other chief executive officers of comparable companies. As noted before, Mr. Sulentic was assigned a 2003 bonus target of 200% of his annual salary. Given the level of the Company's 2003 earnings, the aggregate amount available for bonus payments to all senior executives, including the Chief Executive Officer, was not sufficient to generally allow payment of full bonus targets. After considering Mr. Sulentic's performance in 2003, which the Board of Directors assessed to be favorable, the Committee awarded Mr. Sulentic a cash bonus of \$600,000. In establishing this bonus amount, the Committee considered (i) the Company's 2003 earnings performance, (ii) the Company's continued success in 2003 in reducing indebtedness and otherwise strengthening its balance sheet through a market down cycle, (iii) the Company's progress on customer service initiatives, and (iv) the Company's continued progress on other operational and strategic initiatives throughout 2003, which the Board of Directors believed had positioned the Company well to operate effectively when the market cycle improved. In addition, in recognition of Mr. Sulentic's performance in 2003, in April 2004 the Committee awarded Mr. Sulentic 150,000 restricted shares of Common Stock, which vest over a period of five years, with 40% vesting on the second anniversary of the date of grant and 20% vesting on each of the third, fourth and fifth anniversaries of the date of grant.

\$1 Million Pay Deductibility Cap

Section 162(m) of the Code generally imposes a \$1 million per person annual limit on the amount the Company may deduct as compensation expense for its Chief Executive Officer and its four other highest paid officers. To the extent readily determinable, and as one of the factors in considering compensation matters, the Committee considers the anticipated tax treatment to the Company and to its executives of various payments and benefits. Some types of compensation payments and their deductibility (e.g., the spread on exercise of non-qualified options) depend upon the timing of an executive's vesting or exercise of previously granted rights. Further, interpretations of and changes in the tax laws and other factors beyond the Committee's control also affect the deductibility of compensation. For these and other reasons, the Committee will not necessarily limit executive compensation to that deductible under Section 162(m) of the Code. Therefore the Committee, subject to the factors provided above, has the discretion to grant awards which result in non-deductible compensation.

The Compensation Committee of the Board of Directors with respect to the 2003 calendar year was:

James R. Erwin, Chairman
Rebecca A. McDonald
Rowland T. Moriarty

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Compensation Committee of the Board of Directors currently consists of Messrs. Erwin and Feeny, Ms. McDonald and Dr. Moriarty. None of such persons are officers or employees or former officers or employees of the Company. Certain directors are parties to, or have interests in, transactions with the Company, as described under Certain Relationships and Related Transactions.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Certain Investment Activities

Prior to May 2003, Crow Public Securities, L.P. and CFH Capital Resources, L.P. beneficially owned in excess of 5% of the outstanding shares of Common Stock. Based on prior public filings of these entities and Harlan R. Crow, the Company believes that these entities are affiliates of Mr. Crow, who was a director of the Company until his resignation at the 2001 annual meeting of the Company's stockholders. These public filings indicate that Mr. Crow is the chief executive officer and a director of Crow Family Inc., the general partner of Crow Family Partnership, L.P. (Crow Public Securities, L.P., CFH Capital Resources, L.P., Crow Family Inc., Crow Family Partnership, L.P. and their affiliates, collectively, Crow Holdings). Crow Holdings' ownership of Common Stock was reduced below five percent of the outstanding shares of Common Stock when, during May 2003, as part of a stock repurchase plan approved by the Board of Directors, the Company purchased 1,100,000 shares of Common Stock held by Crow Holdings for an aggregate purchase price of \$9.125 per share. Since 1994, Crow Holdings has co-invested with the Company and various of its subsidiaries in 17 projects in the areas of industrial development, build-to-suit arrangements, land acquisitions and other real estate-related projects.

Beginning in February 1996, the Company, through its subsidiary Trammell Crow Capital Company II, Inc., and certain directors and executive officers of the Company and its affiliates have collectively invested in Trammell Crow Investment Fund II, L.P., a Delaware limited partnership (Fund II), which makes investments in real estate-related projects. Trammell Crow Investments II, Inc., the general partner of Fund II, is a subsidiary of Trammell Crow Capital Company II, Inc. Certain senior employees of the Company invest in Fund II as limited partners through Trammell Crow Individual Investment Fund 1996, L.P. Through December 31, 2003, the Company had made total contributions to Fund II of \$1,706,600 and had received total distributions from Fund II of \$2,405,241. In 2003, the Company made no contributions to Fund II and received \$287,646 in distributions from Fund II. The following reflects total contributions and distributions related to Fund II through December 31, 2003, for the executive officers of the Company: Mr. Sulentic, \$23,000 and \$32,416; Mr. Belcher, \$46,000 and \$64,831; Mr. Concannon, \$46,000 and \$64,831; Ms. Detering-Paddison, \$23,000 and \$32,416; Mr. Groch, \$23,000 and \$32,416; Mr. Roth, \$23,000 and \$32,416; and Mr. Stirek, \$46,000 and \$64,831, respectively. No capital contributions were made by the executive officers of the Company to Fund II during 2003. The following reflects total distributions related to Fund II during 2003 for the executive officers of the Company: Mr. Sulentic, \$3,877; Mr. Belcher, \$7,753; Mr. Concannon, \$7,753; Ms. Detering-Paddison, \$3,877; Mr. Groch, \$3,877; Mr. Roth, \$3,877; and Mr. Stirek, \$7,753, respectively. In addition, an affiliate of Mr. Williams, a director of the Company, made no contributions and received \$116,299 in distributions from Fund II in 2003 and had contributed an aggregate of \$690,000 and received aggregate distributions of \$972,470 from Fund II through December 31, 2003.

Fund II, the Company, Crow Holdings and an affiliate of Mr. Williams have each invested in several related limited partnerships that are all affiliates of Crow Holdings and are collectively referred to as the DFW Fund. The aggregate amounts contributed to and distributions received from the DFW Fund by Fund II through December 31, 2003, were \$499,636 and \$377,848, respectively. Through December 31,

2003, the Company and Crow Holdings had contributed an aggregate of \$499,636 and \$3,397,530, respectively, in the DFW Fund and had received distributions totaling \$377,848 and \$2,569,368, respectively. An affiliate of Mr. Williams had contributed an aggregate of \$487,617 in the DFW Fund and received distributions totaling \$377,848 through December 31, 2003. In 2003, no contributions were made to, and distributions of \$67,629, \$67,629, \$459,880 and \$67,629 were received by, Fund II, the Company, Crow Holdings and the affiliate of Mr. Williams, respectively, with respect to the DFW Fund.

In addition, Fund II, the Company, Crow Holdings and an affiliate of Mr. Williams have each made certain investments (not through the DFW Fund) in projects in which the DFW Fund also has an interest. Through December 31, 2003, the aggregate amount contributed by Fund II to and distributions received by Fund II from projects in which the DFW Fund had an interest was \$2,850,645 and \$4,221,861, respectively. Through December 31, 2003, the Company and Crow Holdings had contributed an aggregate of approximately \$1,052,164 and \$11,481,857, respectively, to projects in which the DFW Fund had an interest. Through December 31, 2003, the Company had received aggregate distributions of \$1,083,362 and Crow Holdings had received no distributions from such projects. Through December 31, 2003, the affiliate of Mr. Williams had contributed an aggregate of \$1,779,363 to, and received total distributions of \$2,629,282 from, projects in which the DFW Fund had an interest. In 2003, Crow Holdings made no contributions to, and received no distributions from, projects in which the DFW Fund had an interest. In 2003, Fund II, the Company and the affiliate of Mr. Williams made no contributions and received distributions of \$1,823,676, \$71,111, and \$1,195,673, respectively, with respect to projects in which the DFW Fund had an interest.

Beginning in February 2001, the Company and certain independent investors collectively invested in Trammell Crow Investment Fund IV, L.P. (Fund IV), which invested in various real estate projects and investments owned, developed and/or managed by entities affiliated with the Company. Also in 2001, Mr. Stirek's father purchased for \$1,600,000 a 44% ownership interest in TC Meridian Tower L.P. (TC Meridian), a real estate project in Tulsa, Oklahoma, in which Fund IV has invested. Mr. Stirek's father subsequently contributed his interest in TC Meridian to LTJ Tulsa LLC (LTJ Tulsa), an entity in which Mr. Stirek and his two sisters own equal one-third ownership interests. Through December 31, 2003, Fund IV had contributed a total of \$1,996,400 to TC Meridian Tower and Mr. Stirek's father and LTJ Tulsa had contributed a total of \$1,600,000. Through December 31, 2003, Fund IV and LTJ Tulsa had received distributions from TC Meridian Tower of \$623,880 and \$499,995, respectively. In 2003, Fund IV and LTJ Tulsa made no contributions and received distributions of \$374,328 and \$299,997, respectively.

In 1994, a subsidiary of the Company and an affiliate of Mr. Williams invested on a side-by-side basis in Spark 94 Associates, Ltd., which holds an interest in a development project. Total initial contributions by the affiliate of Mr. Williams and such subsidiary were \$47,093 and \$19,942, respectively, in 1994. In 2003, the affiliate of Mr. Williams and such subsidiary made no contributions and received distributions of \$794,483 and \$99,329, respectively. Through December 31, 2003, the affiliate of Mr. Williams and such subsidiary had made total contributions of \$669,960 and \$75,192, respectively. Through December 31, 2003, the affiliate of Mr. Williams and such subsidiary had received total distributions of \$1,487,467 and \$210,694, respectively.

During January 2004, the Company, certain independent investors and certain senior employees of the Company formed Trammell Crow Investment Fund V, L.P. (Fund V), which was established to invest in various real estate projects and investments owned, developed and/or managed by entities affiliated with the Company. Fund V investors have made capital commitments of \$50,175,000 in the aggregate, of which \$10,000,000 was committed by the Company, \$1,925,000 was committed by the senior employees and \$38,250,000 was committed by other investors.

At the time Fund V was established, the Board of Directors and its Audit Committee considered the benefits and risks of allowing senior employees to invest in the fund. The benefits include the

following: (i) it serves as an alternative to the Company's employees who wish to invest in real estate but are otherwise constrained from doing so by the Company's policies regarding commercial real estate ownership and conflicts of interest, (ii) it aids the Company in recruiting and retaining quality senior employees, especially development and investment personnel, (iii) the fund's third party investors favor employee investment and Company investment because it creates alignment between the Company, the employees and the outside investors, and (iv) employee investment would serve as a tangible connection between the Company's Global Services and Development and Investment personnel that invest in the fund. The Board of Directors and its Audit Committee considered the following matters in determining how the potential conflict of interest issues between investing employees and the Company might be managed:

- Fund V was established as a blind pool investment fund, with each limited partner required to invest their pro rata share of any investment the general partner chooses for the fund. Therefore, the employee investors would not be able to pick and choose the projects they wanted to invest in, and therefore could not concentrate their investments in transactions they believed they could influence.
- The Company's executive officers at the time the fund was formed and members of the Company's capital markets group would not be allowed to invest in Fund V because these individuals may be in a position to influence investment decisions by the fund. Therefore, none of the Named Executive Officers are investors in Fund V. However, Ms. Detering-Paddison became an investor in Fund V prior to being named an executive officer by the Board of Directors. She will maintain her interest in Fund V and will continue to be subject to her \$50,000 investment commitment. Ms. Detering-Paddison will not take part in any decision regarding investments made by Fund V.
- Given that each individual's investment could be no more than \$250,000, any individual's expected investment return would be greatly exceeded by the expected levels of compensation for those individuals, and would not be material compared to the overall size of the fund.

After careful deliberation, the Board of Directors and its Audit Committee determined that permitting investment in Fund V by certain senior employees was in the Company's best interest.

The management, accounting and other day-to-day operational functions of Fund V are performed by the Company or one of its subsidiaries. Fund V reimburses the Company for a portion of the management services so provided. Fund V reimburses the Company for all other direct and indirect costs of operating Fund V. Subsidiaries of Fund V may enter into agreements with the Company or its affiliates for the performance of development and/or asset management services for Fund V and its real estate projects and investments, or property management and leasing functions for Fund V's real estate projects and investments. Through March 31, 2004, the Company had made total contributions to Fund V of \$1,797,211 and Ms. Paddison had made total contributions to Fund V of \$8,986, and neither had received any distributions.

Crow Holdings

During 2003, the Company received 0.7% of its total revenue from a commercial real estate asset base principally owned by parties related to the partnerships, corporations and other entities or individuals doing business as Trammell Crow Company prior to 1991. Crow Family 1991 Limited Partnership (an affiliate of Crow Holdings and Mr. Harlan R. Crow) and Mr. Williams, a director of the Company, own significant interests in this commercial asset base.

Relationship with Legacy Bank

During 2003, the Company entered into a construction loan with Legacy Bank of Texas in the aggregate amount of up to \$6,512,500 with respect to one of the Company's development projects. Of this aggregate amount, \$1,000 was funded in 2003. The family of Michael J. Lafitte, an executive officer of the Company, owns less than 10% of the outstanding capital stock of Legacy Bank of Texas and Mr. Lafitte's brother is an officer of Legacy Bank. Michael Lafitte was not involved in procuring, negotiating or executing this construction loan. In 2003, the Company paid to Legacy Bank fees in the amount of \$49,334 in connection with this construction loan.

Consulting Agreement

In connection with Mr. Sulentic replacing Mr. Williams as Chairman of the Board of Directors at the adjournment of the Company's Annual Meeting in 2002, the Company entered into a consulting agreement with Mr. Williams. The agreement terminates May 31, 2004. Pursuant to the consulting agreement, Mr. Williams is paid \$75,000 per year, plus reimbursement of out-of-pocket expenses, in exchange for certain consulting services provided to the Company in accordance with the terms of the agreement. Under the agreement, the Company is also required to pay certain lease and utility costs with respect to up to 1,500 square feet of office space to be used by Mr. Williams for his personal and charitable use. The agreement provides that Mr. Williams' options continue to vest and become exercisable until the earlier of the time that he ceases to be a director of the Company or the expiration of the options.

Relocation Loan to Executive Officer

On July 1, 2001, and July 1, 2002, the Company made two loans to Mr. Stirek, each in the amount of \$125,000, relating to expenses incurred in connection with Mr. Stirek's relocation at the Company's request. Each loan provides for a one year term, an interest rate of 6.75%, and for the forgiveness of the loan at the end of the one year term if Mr. Stirek is employed with the Company at that time. The \$125,000 loan made on July 1, 2001, was forgiven on July 1, 2002. The \$125,000 loan made on July 1, 2002, which the Company had agreed in 2001 to make, was forgiven on July 1, 2003.

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PERFORMANCE GRAPH

The Performance Graph shown below was prepared by the Company for use in this Proxy Statement. Note that historic stock price performance is not necessarily indicative of future stock performance. The graph was prepared based upon the following assumptions:

1. \$100 was invested in the Company's Common Stock, the NYSE Composite Index and the Company's Peer Group (as defined below) on December 31, 1998.
2. Peer Group investment is weighted based on the market capitalization of each individual company within the Peer Group at the beginning of the comparison period.
3. Dividends are reinvested on the ex-dividend dates.

The companies that comprise the Company's Peer Group for purposes of stockholder return comparisons are as follows: Grubb & Ellis Company, Jones Lang LaSalle Incorporated and Insignia Financial Group, Inc. The same companies comprised the Company's Peer Group in the Company's 2003 Proxy Statement for purposes of stockholder return comparisons.

COMPARE CUMULATIVE TOTAL RETURN AMONG TRAMMELL CROW COMPANY, NYSE COMPOSITE INDEX AND PEER GROUP INDEX

	1998	1999	2000	2001	2002	2003
Trammell Crow Company	100.00	41.52	48.21	41.79	32.14	47.32
Peer Group Index	100.00	52.57	66.70	65.00	47.44	73.24
NYSE Composite Index	100.00	109.50	112.11	102.12	83.42	108.07

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

The following table and the notes thereto set forth certain information regarding the beneficial ownership of the Common Stock as of the Record Date, by (a) each current director of the Company; (b) each of the Named Executive Officers; (c) all executive officers and directors of the Company as a group; and (d) each other person known to the Company to own beneficially more than five percent of the Common Stock outstanding on the Record Date.

Unless otherwise indicated, all stockholders set forth below have the same principal business address as the Company. The Company has determined beneficial ownership in accordance with the rules of the Commission. The number of shares beneficially owned by a person includes shares of Common Stock that are subject to stock options that are either currently exercisable or exercisable within 60 days after the Record Date. These shares are also deemed outstanding for the purpose of computing the percentage of outstanding shares owned by the person. These shares are not deemed outstanding, however, for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, to the Company's knowledge, each stockholder has sole voting and dispositive power with respect to the securities beneficially owned by that stockholder. On the Record Date, there were 37,051,067 shares of Common Stock outstanding.

Name	Number of Shares Owned	Percentage of Shares Beneficially Owned
Third Avenue Management LLC 767 Third Avenue New York, New York 10017-2023	6,693,182 (1)	18.1 %
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, Maryland 21202	2,444,300 (2)	6.6 %
Capital Group International, Inc. Capital Guardian Trust Company 11100 Santa Monica Boulevard, Suite 1500 Los Angeles, California 90025	2,199,770 (3)	5.9 %
J. McDonald Williams	845,906 (4)	2.3 %
William F. Concannon	692,646 (5)	1.9 %
Robert E. Sulentic	602,683 (6)	1.6 %
John A. Stirek	490,024 (7)	1.3 %
James R. Groch	412,781 (8)	1.1 %
T. Christopher Roth	347,532 (9)	*
Derek R. McClain	276,749 (10)	*
Michael J. Lafitte	266,018 (11)	*
Rowland T. Moriarty	61,747 (12)	*
James R. Erwin	50,847 (13)	*
Jeffrey M. Heller	41,847 (14)	*
Curtis F. Feeny	35,289 (15)	*
Rebecca A. McDonald	26,736 (16)	*
Directors and executive officers as a group (15 persons)	4,730,712 (17)	12.1 %

* Less than one percent.

(1) Based on information set forth in Amendment No. 8 to Schedule 13G, filed January 14, 2004 (the TAM Schedule 13G), filed with the Commission by Third Avenue Management LLC (TAM).

The TAM Schedule 13G reflects that TAM has sole voting power with respect to 5,903,182 shares of Common Stock and sole dispositive power with respect to 6,693,182 shares of Common Stock. The TAM Schedule 13G indicates that certain investment companies registered under the Investment Company Act of 1940 and various clients for whom TAM acts as investment advisor have the right to receive dividends from, and the proceeds from the sale of, the securities beneficially owned by TAM.

(2) Based on information set forth in Amendment No. 3 to Schedule 13G, filed February 12, 2004 (the Price Associates Schedule 13G), filed with the Commission by T. Rowe Price Associates, Inc. (Price Associates). The Price Associates Schedule 13G indicates that Price Associates has sole voting power with respect to 383,800 shares of Common Stock and sole dispositive power with respect to 2,444,300 shares of Common Stock. The Price Associates Schedule 13G indicates that the securities are owned by various individual and institutional investors for which Price Associates serves as investment adviser with power to direct investments and/or sole power to vote the securities. Price Associates has informed the Company that, for purposes of the reporting requirements of the Exchange Act, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates has informed the Company that it expressly disclaims that it is, in fact, the beneficial owner of such securities.

(3) Based on information set forth in Amendment No. 2 to Schedule 13G, filed February 13, 2004 (the CGII Schedule 13G), filed with the Commission by Capital Group International, Inc. (CGII) and Capital Guardian Trust Company (CGTC) and, together with CGII, the CGII Group). The CGII Schedule 13G indicates that each of CGII and CGTC have sole voting power with respect to 1,491,760 shares of Common Stock and sole dispositive power with respect to 2,199,770 shares of the Common Stock. The CGII Schedule 13G indicates that the CGII Group disclaims beneficial ownership of these shares pursuant to Rule 13d-4 under the Exchange Act. The CGII Schedule 13G indicates that CGII is the parent holding company of a group of investment management companies that have investment power and, in some cases, voting power with respect to the securities beneficially owned by the CGII Group. The investment management companies provide investment advisory services for their respective clients which include registered investment companies and institutional accounts and CGTC serves as the investment manager of certain of those accounts.

(4) Includes 52,327 shares that may be acquired upon the exercise of options that currently are exercisable.

(5) Includes 325,790 shares that may be acquired upon the exercise of options that currently are exercisable or will become exercisable within the next 60 days. Includes 100,000 unvested shares of restricted stock which Mr. Concannon cannot dispose of without the Company's consent until the restrictions on these shares lapse.

(6) Includes 23,000 shares owned by Mr. Sulentic's wife and 365,102 shares that may be acquired upon the exercise of options that currently are exercisable or will become exercisable within the next 60 days. Includes 10,000 unvested shares of restricted stock which Mr. Sulentic cannot dispose of without the Company's consent until the restrictions on these shares lapse.

(7) Includes 187,015 shares that may be acquired upon the exercise of options that currently are exercisable or will become exercisable within the next 60 days. Includes 100,000 unvested shares of restricted stock which Mr. Stirek cannot dispose of without the Company's consent until the restrictions on these shares lapse.

(8) Includes 14,313 shares held in trust for the benefit of Mr. Groch's family members. Mr. Groch is the trustee of the trust. Also includes 208,265 shares that may be acquired upon the exercise of options that currently are exercisable or will become exercisable within the next 60 days. Includes 100,000

unvested shares of restricted stock which Mr. Groch cannot dispose of without the Company's consent until the restrictions on these shares lapse.

(9) Includes 182,276 shares that may be acquired upon the exercise of options that currently are exercisable or will become exercisable within the next 60 days. Includes 100,000 unvested shares of restricted stock which Mr. Roth cannot dispose of without the Company's consent until the restrictions on these shares lapse.

(10) Includes 151,047 shares that may be acquired upon the exercise of options that currently are exercisable or will become exercisable within the next 60 days. Includes 100,000 unvested shares of restricted stock which Mr. McClain cannot dispose of without the Company's consent until the restrictions on these shares lapse.

(11) Includes 146,775 shares that may be acquired upon the exercise of options that currently are exercisable or will become exercisable within the next 60 days. Includes 100,000 unvested shares of restricted stock which Mr. Lafitte cannot dispose of without the Company's consent until the restrictions on these shares lapse.

(12) Includes 37,925 shares that may be acquired upon the exercise of options that currently are exercisable, 2,000 shares of Common Stock held indirectly by a non-issuer profit sharing plan, 3,000 shares of Common Stock held indirectly by a non-issuer money purchase plan, and 6,939 shares held in various trusts for the benefit of Dr. Moriarty's children. Dr. Moriarty disclaims beneficial ownership of all securities held in his children's trusts. Also includes 3,922 performance units that may be settled (a) in cash or in Common Stock, (b) in a lump sum or in up to five annual installments, and (c) upon Dr. Moriarty's termination of services, completion of a stated number of years or a date specified by Dr. Moriarty.

(13) Includes 37,925 shares that may be acquired upon the exercise of options that currently are exercisable. Also includes 3,922 performance units which may be settled (a) in cash or in Common Stock, (b) in a single lump sum or in up to five annual installments, and (c) upon Mr. Erwin's termination of services, completion of a stated number of years or a date specified by Mr. Erwin.

(14) Includes 37,925 shares that may be acquired upon the exercise of options that currently are exercisable. Also includes 3,922 performance units that may be settled (a) in cash or in Common Stock, (b) in a lump sum or in up to five annual installments, and (c) upon Mr. Heller's termination of services, completion of a stated number of years or a date specified by Mr. Heller.

(15) Includes 4,750 shares held in trust for the benefit of Mr. Feeny, his wife and his children and 30,539 shares that may be acquired immediately upon the exercise of options that currently are exercisable.

(16) Consists solely of 26,736 shares that may be acquired immediately upon the exercise of options that currently are exercisable.

(17) Includes (a) 2,158,191 shares that may be acquired upon the exercise of options that currently are exercisable or will become exercisable within the next 60 days, (b) 11,766 performance units that may be settled (i) in cash or in Common Stock, (ii) in a lump sum or in annual installments of up to five years, and (iii) upon the individual's termination of services, completion of a stated number of years or a date specified by the individual, and (c) 760,000 unvested shares of restricted stock which cannot be disposed of without the Company's consent until the restrictions on these shares lapse.

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

Section 16(a) of the Securities Exchange Act of 1934 (the Exchange Act) requires the Company's directors, executive officers and holders of more than 10% of its shares of Common Stock to file with the Commission and the New York Stock Exchange initial reports of ownership of shares of Common Stock and reports of changes in such ownership. The Commission's rules require such persons to furnish the Company with copies of all Section 16(a) reports that they file. Based on a review of these reports and on written representations from the reporting persons that no other reports were required, the Company believes that the applicable Section 16(a) reporting requirements were complied with for all transactions which occurred in 2003.

ADDITIONAL INFORMATION

Stockholder Proposals

Pursuant to Rule 14a-4(c)(1) promulgated under the Exchange Act, the Company's management will have discretionary authority to vote on any matter of which the Company does not receive notice by March 7, 2005, with respect to proxies submitted to the 2005 Annual Meeting of the Company's Stockholders. To be included in the Board of Directors' solicitation of proxies relating to the 2005 Annual Meeting of the Company's Stockholders, a stockholder proposal must be received by the Secretary of the Company at 2001 Ross Avenue, Suite 3400, Dallas, Texas 75201, no later than December 20, 2004. Pursuant to the Company's Certificate of Incorporation, in order to nominate persons for election to the Board of Directors at the 2005 Annual Meeting of the Company's Stockholders, a stockholder must deliver notice, in the form specified in the Company's Certificate of Incorporation, to the principal executive offices of the Company not less than 60 days nor more than 90 days prior to the scheduled date of the 2005 Annual Meeting of the Company's Stockholders, which has not yet been determined.

Annual Report

The Company's Annual Report to stockholders for the year ended December 31, 2003, including financial statements, is being mailed herewith to all stockholders entitled to vote at the Annual Meeting. The Annual Report does not constitute a part of the proxy solicitation material.

By Order of the Board of Directors,

J. Christopher Kirk
Secretary

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Appendix A

Audit Committee Charter

**Trammell Crow Company
Board of Directors**

As Approved by the Board of Directors
March, 2004

The Audit Committee is appointed by the Board of Directors on the recommendation of the Governance Committee and its purpose is to assist the Board of Directors in (A) its oversight of (1) the Company's accounting and financial reporting processes, principles and policies and internal

controls and procedures, including the internal audit function, (2) the integrity of the Company's financial statements, (3) the qualifications and independence of the Company's independent auditors and (4) the Company's compliance with legal and regulatory requirements, and (B) selecting, evaluating and, where deemed appropriate, replacing the Company's independent auditors (or nominating independent auditors to be proposed for stockholder approval in any proxy statement). In addition, the Audit Committee shall prepare the report required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement.

The function of the Audit Committee is oversight. The management of the Company is responsible for the preparation, presentation and integrity of the Company's financial statements. Management is responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for planning and carrying out a proper audit of the Company's annual financial statements, reviews of the Company's quarterly financial statements prior to the filing of each quarterly report on Form 10-Q, and other procedures. In fulfilling their responsibilities hereunder, it is recognized that members of the Audit Committee are not full-time employees of the Company and, although they meet the applicable membership requirements under the rules of the New York Stock Exchange, are not, and do not represent themselves to be, accountants or auditors by profession or experts in the fields of accounting or auditing, including in respect of auditor independence. As such, it is not the duty or responsibility of the Audit Committee or its members to conduct field work or other types of auditing or accounting reviews or procedures or to set auditor independence standards, and each member of the Audit Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Company from which it receives information, (ii) the accuracy of the financial and other information provided to the Audit Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board of Directors) and (iii) representations made by management as to any information technology, internal audit and other non-audit services provided by the auditors to the Company.

The Audit Committee and its chairperson shall be appointed, removed and replaced by the Board of Directors. The Audit Committee shall be comprised of at least three directors, all of whom shall satisfy the independence requirements of the rules of the New York Stock Exchange or any higher standard of independence imposed by applicable law or the rules of the Securities and Exchange Commission or the NASDAQ National Market, as such requirements are interpreted by the Board of Directors in its business judgment. At least one member of the Committee shall possess the requisite accounting or related financial management expertise required by the rules of the New York Stock Exchange, as interpreted by the Board of Directors in its business judgment. In addition each member of the Committee shall be required to be financially literate, as required by the rules of the New York Stock Exchange, and as interpreted by the Board of Directors in its business judgment. The Audit Committee shall meet regularly, but not less frequently than quarterly, to discuss with management the annual audited and quarterly

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unaudited financial statements. The Audit Committee should also meet separately at least quarterly in executive sessions with management, the internal auditors and the independent auditors to discuss any matters that the Audit Committee or any of these persons or firms believe should be discussed privately. The Audit Committee may form and delegate authority to subcommittees consisting solely of members of the Audit Committee.

The independent auditors are accountable to the Audit Committee. The Audit Committee shall have the sole authority and responsibility with respect to the selection, engagement, compensation, oversight, evaluation and, where appropriate, dismissal of the Company's independent auditors. The Audit Committee may request any officer or employee of the Company, the Company's outside counsel, independent auditors, investment bankers or financial analysts who follow the Company to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee. The Audit Committee shall have the authority to retain special legal, accounting or other advisors and consultants to advise the Audit Committee.

The Audit Committee shall make regular reports to the Board of Directors on the business conducted by the Committee.

The Audit Committee shall:

- 1 Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board of Directors for approval.
- 2 Review the annual audited financial statements with management and the independent auditor, including major issues regarding accounting and auditing principles and practices as well as the adequacy of internal controls that could significantly affect the Company's financial statements, and recommend to the Board of Directors whether the audited financial statements should be included in the Company's Form 10-K.
- 3 Review with management and the independent auditor the Company's quarterly financial statements prior to the filing of its Form 10-Q, including the results of the independent auditors' reviews of the Company's quarterly financial statements prior to the release of quarterly earnings.
- 4 Review and discuss with management and the independent auditor the disclosures made in management's discussion and analysis of financial condition and results of operations in any Form 10-Q or Form 10-K of the Company.
- 5 Review and discuss with management an analysis prepared by management and the independent auditor of significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls, the development, selection and disclosure of critical accounting estimates, and analyses of the effect of alternative assumptions, estimates or GAAP methods on the Company's financial statements.
- 6 Discuss with management the Company's earnings releases, including the use of pro forma or adjusted non-GAAP information, as well as financial information and earnings guidance, if any, provided to analysts and rating agencies.
- 7 Review with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
- 8 Review the quarterly disclosures provided by the Chief Executive Officer or the Chief Financial Officer to the Audit Committee regarding (i) significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process,

summarize and report financial data; and (ii) any fraud, including that which involves management or other employees who have a significant role in the Company's internal controls.

9 Meet periodically with management to review the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

10 Review the experience and qualifications of the senior members of the independent auditor team, including the lead partner.

11 Obtain and review a report from the independent auditor at least annually regarding (a) the auditor's internal quality-control procedures, (b) any material issues raised by the most recent quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (c) any steps taken to deal with any such issues, and (d) all relationships between the independent auditor and the Company.

12 Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of non-audit services is compatible with maintaining the auditor's independence, and taking into account the opinions of management and the internal auditor. The Audit Committee shall present its conclusions to the Board of Directors and, if so determined by the Audit Committee, recommend that the Board of Directors take additional action to satisfy itself of the qualifications, performance and independence of the auditor.

13 Review and pre-approve all auditing services (including comfort letters) and all non-audit services provided to the Company by its independent auditors. The Audit Committee may delegate pre-approval authority to one or more Audit Committee members, provided the decision of such member(s) is presented to the full Audit Committee at the next meeting.

14 Ensure that the lead audit partner and reviewing audit partner of the Company's independent auditors are rotated at least every five years. Consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm itself on a regular basis.

15 Review from time to time with management and/or recommend to the Board of Directors guidelines for the Company's hiring of employees of the independent auditor who were engaged on the Company's account.

16 Review from time to time with management and/or the internal auditors (whether they are Company employees or independent contractors) the internal audit function and the appointment and replacement of the internal auditors.

17 Review the significant reports to management prepared by the internal auditors and management's responses.

18 Discuss with the independent auditor the internal audit responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit.

19 Meet with the independent auditor prior to the audit to review the planning and staffing of the audit.

20 Obtain from the independent auditor assurance that Section 10A of the Securities Exchange Act of 1934, as amended, has not been implicated.

- 21 Obtain and review reports from management and the internal auditors that the Company's subsidiaries are in conformity with applicable legal and reporting requirements, including disclosures of insider and related party transactions.
- 22 Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit. In particular, discuss:
 - 22.1 The adoption of, or changes to, the Company's significant auditing and accounting principles and practices as suggested by the independent auditor, internal auditors or management.
 - 22.2 The management letter provided by the independent auditor and the Company's response to that letter.
 - 22.3 Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management. The Audit Committee shall be responsible for the resolution of any disagreements between the independent auditors and management regarding the Company's financial reporting.
 - 22.4 Any changes recommended in the planned scope of the annual audit and any special audits.
 - 22.5 Any issues on which the Company's independent audit team consulted the independent auditor's national office.
- 23 Review with management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.
- 24 Establish procedures for the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls, auditing matters and the confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters. Investigate at its discretion any matter brought to its attention by, without limitation, reviewing the books, records and facilities of the Company and interviewing Company officers or employees.
- 25 Prepare the report required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement.
- 26 Advise the Board of Directors with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Conduct.
- 27 Review with the Company's outside legal counsel legal matters that may have a material impact on the financial statements, the Company's compliance policies and any material reports or inquiries received from regulators or governmental agencies.
- 28 Evaluate the Audit Committee's performance annually.
- 29 At the beginning of each fiscal year, share with the full Board of Directors the Committee's planned agenda for the ensuing year.

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF ALL NOMINEES FOR DIRECTOR AND FOR PROPOSAL 2.

Please Mark Here for
Address Change or **O**
Comments
SEE REVERSE SIDE

- 1 ELECTION OF DIRECTORS: To elect each of (01) Curtis F. Feeny, and (02) Robert E. Sulentic to serve as Class I directors for a three year term ending at the Annual Meeting of Stockholders in 2007 and until their successors are duly elected and qualified or until their earlier death, resignation or removal from office.
- 2 To ratify the selection of Ernst & Young LLP as independent auditors for the Company for the fiscal year ending December 31, 2004.

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FOR ALL NOMINEES	WITHHELD FROM ALL NOMINEES	FOR	AGAINST	ABSTAIN
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

For the nominees except as noted above

I PLAN TO ATTEND THE
MEETING

Signature

Signature

Date

Note: Please sign as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

^ FOLD AND DETACH HERE ^

**Vote by Telephone or Mail
CALL TOLL FREE ON A TOUCH TONE TELEPHONE
24 Hours a Day, 7 Days a Week**

**Telephone voting is available through 11:59 PM
Eastern Daylight Time
on May 18, 2004.**

**Your telephone vote authorizes the named proxies to vote your shares in the same manner
as if you marked, signed and returned your proxy card.**

Telephone 1-800-435-6710	OR	Mail
Use any touch-tone telephone to vote your proxy. Have your proxy card in hand when you call.	OR	Mark, sign and date your proxy card and return it in the enclosed postage-paid envelope.

**If you vote your proxy by telephone,
you do NOT need to mail back your proxy card.**

TRAMMELL CROW COMPANY

Proxy Solicited on Behalf of the Board of Directors of

Trammell Crow Company for the Annual Meeting to be held May 19, 2004

The undersigned hereby constitutes and appoints each of Robert E. Sulentic, J. Christopher Kirk and Derek R. McClain his or her true and lawful agents and proxies, with full power of substitution in each, to represent the undersigned, with all the powers which the undersigned would possess if personally present, and to vote the Common Stock of Trammell Crow Company held of record by the undersigned on the record date at the Annual Meeting of Stockholders of Trammell Crow Company to be held at the Dallas Museum of Art, 1717 Harwood Street, Dallas, Texas, on Wednesday, May 19, 2004, at 1:00 p.m., local time, and at any adjournment or postponement thereof, on all matters coming before said meeting.

You are encouraged to specify your vote by marking the appropriate box ON THE REVERSE SIDE but you need not mark any box if you wish to vote in accordance with the Board of Directors' recommendations, which are FOR the election of the named nominees as directors and FOR Proposal 2. The Proxies cannot vote your shares unless you sign and return this card or grant your proxy by telephone in accordance with the instructions on the reverse side. Any Proxy may be revoked in writing at any time prior to the voting thereof.

Any Proxy, when properly granted, will be voted in the manner directed and will authorize the Proxies to take action in their discretion upon other matters that may properly come before the meeting. If no direction is made, your Proxy will be voted in accordance with the recommendations of the Board of Directors. Proxies are authorized to vote upon matters incident to the conduct of the meeting such as approval of one or more adjournments of the meeting for the purpose of obtaining additional stockholder votes.

CONTINUED AND TO BE SIGNED ON REVERSE SIDE

**SEE REVERSE
SIDE**

Address Change/Comments (Mark the corresponding box on the reverse side)

^ FOLD AND DETACH HERE ^
