SYNCHRONOSS TECHNOLOGIES INC
Form 10-K
February 29, 2008

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

þ	**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** **For the fiscal year ended December 31, 2007**
o	**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** **For the transition period from to**

Commission file number 000-52049

SYNCHRONOSS TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Delaware	**06-1594540**
(State of incorporation)	*(IRS Employer Identification No.)*

750 Route 202 South, Suite 600, Bridgewater, New Jersey 08807
(Address of principal executive offices, including ZIP code)

(866) 620-3940
(Registrant s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $.0001 par value	The NASDAQ Stock Market, LLC

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933. Yes o No þ

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 (the Exchange Act). Yes o No þ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer þ	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the Registrant as of June 30, 2007, based upon the closing price of the common stock as reported by The NASDAQ Stock Market on such date was approximately $680 million.

As of February 15, 2008, a total of 32,706,972 shares of the Registrant s common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Information required by Part III (Items 10, 11, 12, 13 and 14) is incorporated by reference to portions of the registrant s definitive Proxy Statement for its 2008 Annual Meeting of Stockholders (the Proxy Statement), which is expected to be filed not later than 120 days after the registrant s fiscal year ended December 31, 2007. Except as expressly incorporated by reference, the Proxy Statement shall not be deemed to be a part of this report on Form 10-K.

SYNCHRONOSS TECHNOLOGIES, INC.

FORM 10-K

DECEMBER 31, 2007

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Consent of Ernst & Young, LLP
Certification of Chief Executive Officer pursuant to Rule 13a-14(a)
Certification of Chief Financial Officer pursuant to Rule 13a-14(a)
Certification of Chief Executive Officer pursuant to Rule 13a-14(b)
Certification of Chief Financial Officer pursuant to Rule 13a-14(b)

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PART I

ITEM 1. *BUSINESS*

The words Synchronoss , we , our , ours , us and the Company refer to Synchronoss Technologies, Inc. All state this discussion that are not historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding Synchronoss expectations , beliefs , hopes , intentions , strategies or the like. Such statemen based on management s current expectations and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Synchronoss cautions investors that there can be no assurance that actual results or business conditions will not differ materially from those projected or suggested in such forward-looking statements as a result of various factors, including, but not limited to, the risk factors discussed in this Annual Report on Form 10-K. Synchronoss expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Synchronoss expectations with regard thereto or any change in events, conditions, or circumstances on which any such statements are based.

General

We are a leading provider of on-demand multi-channel transaction software management platforms that enable communications service providers (CSPs) to automate new subscriber activation, order management and service provisioning. Our ConvergenceNow® platforms provide seamless integration between customer-facing applications and back-office or ActivationNow® and infrastructure-related systems and processes. Our CSP customers rely on our internet based solutions and technology to automate the process of activating customers and delivering additional communications services including new service offerings and ongoing customer care. We have designed our platforms to be flexible to enable multiple communication services including wireless, Voice Over Internet Protocol (VoIP), wireline and cable to be managed through multiple distribution channels including e-commerce, CSP stores and other retail outlets, etc., allowing us to meet the rapidly changing and converging services offered by CSPs. By simplifying the processes associated with managing the customer experience for ordering and activating services through the automation and integration of disparate systems, we enable CSPs to acquire, retain and service customers quickly, reliably and cost-effectively. We enable service providers to drive growth in new and existing markets while delivering an improved customer experience at lower costs.

Our industry-leading customers include wireline, wireless, VoIP and cable MSO companies including AT&T Inc., Sprint Nextel, Embarq, Vonage Holdings, Cablevision Systems Corporation, Level 3 Communications, Covad, Verizon Business Solutions, Charter Communications, Clearwire, Time Warner Cable and Comcast. These customers use our platforms and technology to service both consumer and business customers, including over 300 of the Fortune 500 companies.

We were incorporated in Delaware in 2000. Our internet address is www.synchronoss.com. On this website, we post the following filings as soon as reasonably practicable after they are electronically filed with or furnished to the U.S. Securities and Exchange Commission (SEC): our annual reports on Form 10-K, quarterly reports on Form 10-Q, our current reports on Form 8-K, our proxy statement on Form 14A related to our annual stockholders meeting and any amendment to those reports or statements filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended. All such filings are available on the Investor Relations portion of our web site free of charge. The contents of our web site are not intended to be incorporated by reference into this Form 10-K or in any other report or document we file.

The Synchronoss Solutions

Our ActivationNow® and ConvergenceNow® platforms provide comprehensive on-demand e-commerce order processing, transaction management and service provisioning through multiple channels including e-commerce, telesales, CSP stores and other retail outlets. We have designed ActivationNow® to be a flexible, scalable, open and on-demand platform, offering a unique solution for managing transactions for a wide range of existing communications and digital content services as well as rapidly deploying new services. Our ConvergenceNow® platform,

launched in February 2007, expands the capabilities of ActivationNow® to enable an environment with a single point of access (i.e., handheld devices or desktops) to numerous communication and entertainment services.

In addition to handling large volumes of customer transactions quickly and efficiently, our solutions are designed to recognize, isolate and address transactions when there is insufficient information or other erroneous process elements. This knowledge enables us to adapt our software solutions to automate a higher percentage of transactions over time, further improving the value of our solutions to our customers. Our solutions also offer a centralized reporting platform that provides intelligent, real-time analytics around the entire workflow related to any transaction. This reporting allows CSPs to appropriately identify buying trends, their customer s segments, areas where their business has increased, and empowers the CSP s with the tools to maximize their marketing trade and promotion dollars and merchandising. The automation and ease of integration of our platforms enable CSPs and handset device manufacturers to lower the cost of new customer acquisitions, enhance the accuracy and reliability of customer transactions and respond rapidly to competitive market conditions. Our platforms offer flexible, scalable solutions backed by service level agreements (SLAs) and exception handling.

Our solutions are also designed to recognize, isolate and address transactions when there is insufficient information or other erroneous process elements, through a suite of capabilities we refer to as exception handling. Our exception handling service is designed to consistently meet SLAs for transactions that are not fully automated or have erroneous process elements. Our exception handling service utilizes two tiers of our platforms, the Workflow Manager and the Visibility Manager, to identify, correct and process non-automated transactions and exceptions in real-time. Critical functions provided by our exception handling service center include streamlining operations by reducing the number of transactions processed with human intervention.

Our flexible solutions can manage transactions relating to a wide range of existing communications and digital content services across the many segments of CSPs. For example, we enable wireless providers to conduct business-to-consumer, or B2C, and business-to-business, or B2B, transactions. We also furnish VoIP providers with customer-branded portals, as well as the gateway to service their retail customers and subscribers. The capabilities of our platforms allow CSPs to improve operational performance and efficiencies and rapidly deploy new services.

Our solutions are designed to be:

Highly Automated: We designed our platforms to eliminate manual processes and to automate otherwise labor-intensive tasks, thus improving operating efficiencies and reducing costs. By tracking every order and identifying those that are not provisioned properly, we substantially reduce the need for manual intervention. Our technology automatically guides a customer s request for service through the entire series of required steps.

Predictable and Reliable Customer Experience: We are committed to providing high-quality, dependable services to our customers. To ensure reliability, system uptime and other service offerings are guaranteed through our SLAs. Our products are complete customer management solutions, including exception handling, which we believe is one of the main factors that differentiates us from our competitors. In performing exception handling, our platforms recognize and isolate transaction orders that are not configured to specifications, processes them in a timely manner and communicates these orders back to our customers, thereby improving efficiency and reducing backlog. If manual intervention is required, our exception handling is outsourced to centers located in India, Canada and the United States. In addition, our database design preserves data integrity while ensuring fast, efficient, transaction-oriented data retrieval methods. As a demonstration of resilience, the database design has remained stable during the life and evolution of other components of our platforms. This stability provides reusability of the business functionality as new, updated graphical user interfaces, or other technical process components are developed.

Seamless: Our platforms integrate information across the service provider s entire operation, including customer information, order information, product and service information, network inventory and workflow information. We have built our platforms using an open design with fully-documented software interfaces, commonly referred to as application programming interfaces, or APIs. Our APIs make it easier for our customers, partners and other third parties to integrate the platforms with other software applications and to build Web-based applications incorporating third-party or CSP-designed capabilities. Through our open

design and alliance program, we provide our customers with superior solutions that combine best-of-breed applications with the efficiency and cost-effectiveness of commercial, packaged interfaces.

Scalable: Our platforms are designed to process expanding transaction volumes reliably and cost effectively. Transaction volume has increased rapidly since our inception. We anticipate substantial future growth in transaction volumes and believe our platforms are capable of scaling its output commensurately, requiring principally routine computer hardware and software updates. In addition, we believe our platforms enable service and digital convergence providers to offer a variety of services more quickly and to package and price their services cost effectively by integrating them with available network capacity and resources.

Value-added Reporting: Our platforms attributes are tightly integrated into the critical workflows of our customers. The platforms have analytical reporting capabilities that provide real-time information for every step of the relevant transaction processes. In addition to improving end-user customer satisfaction, these capabilities provide our customers with value-added insights into historical and current transaction trends. We also offer mobile reporting capabilities for key users to receive critical data about their transactions on their mobile devices. Our platforms capabilities provide what we believe to be a more cost-effective, efficient and productive approach to e-commerce. Our solutions allow our customers to reduce overhead costs associated with building and operating their own e-commerce and customer transaction management infrastructure. We also provide our customers with the information and tools to more efficiently manage marketing and operational aspects of their business. In addition, the automation and ease of integration of our on-demand software allows CSPs to accelerate the deployment of their services and new service offerings by shortening the time between a customer s order and the provisioning of service.

Demand Drivers for Our Multi-Channel Transaction Management Solutions

Our services are capable of managing a wide variety of transactions across multiple CSP delivery models, allowing us to benefit from increased growth, complexity and technological change in the communications industry. As communications technology has evolved, new access networks, end-devices and applications with multiple features have emerged. This proliferation of services and advancement of technologies, combined with their bundling (i.e., double, triple and quadruple plays) are accelerating subscriber growth and increasing the number of transactions between CSPs, and their customers. Currently, growth in wireless services, the adoption of VoIP and the increasing importance of e-commerce are strongly driving demand for our transaction management solutions. In addition, we see an opportunity to provide our services to the high-growth market of bundled services (including voice, video, data and wireless) resulting from converging technology markets. We support and target transactions ranging from initial service activations to ongoing customer lifecycle transactions, such as additions, subtractions and changes to services. The need for CSPs to deliver these transactions efficiently increases demand for our on-demand software delivery model. The rapid emergence of all digital, IP-based networks is causing the creation of telecommunications services to be less dependent on particular elements of network infrastructure. In this environment, CSPs are increasingly relying on intelligent platform solutions such as ours in order to quickly develop new packages of service offerings. The critical driver of adoption of our services is shifting from cost reduction at CSPs to generating new revenues via on-demand service creation and bundling. In this environment, we believe that our on-demand capabilities will be a major value-added difference to our CSPs and their largest customers. Our transaction management solutions are available through multiple channels: e-commerce, CSP stores and other retail outlets. Our customers value our multi-channel transaction management solutions, which we believe will be a key differentiator.

Growth in Handset Devices, Network Technology, and Applications and Content. The communications market is moving towards a next generation mobility marketplace, defined as allowing both business and consumer customers to choose a wide range of smart mobile devices supported on multiple network technologies. By developing such seamless mobility environment, it will fuel a whole set of new transactions designed around providing many forms of enhanced content and applications to increase the monthly average revenue per user (ARPU) of each individual

subscriber.

Adoption of VoIP. Internet Protocol-based network technologies are transforming the communications marketplace and VoIP applications are just starting to be deployed. Our strong market capture across new entrants,

cable companies and traditional communications providers positions us well to leverage our existing base and maximize capture of new transaction types.

Continued growth of e-commerce. Internet-based commerce provides CSPs with the opportunity to cost-effectively gain new customers, provide service and interact more effectively. Specifically Cost per Gross Add (CPGA) for a customer obtained via e-commerce can be up to 50% less than those obtained via traditional bricks and mortar. With the dramatic increase in Internet usage and desire to directly connect with end users over the course of the customer lifecycle, CSPs are increasingly focusing on e-commerce as a channel for customer acquisition and delivery of ongoing services.

Growth in on-demand delivery model. Our on-demand business model enables delivery of proprietary solutions over the Internet as a service. Customers do not have to make large and risky upfront investments in software, additional hardware, extensive implementation services and additional IT staff. Because we implement all upgrades to software on our servers, they automatically become part of our service and available to benefit all customers immediately.

Pressure on CSPs to improve efficiency. Increased competition and excess network capacity have placed significant pressure on CSPs to reduce costs and increase revenues. At the same time, due to deregulation, the emergence of new network technologies and the proliferation of services, the complexity of back office operations has increased significantly. CSPs with multiple back-end systems are looking for ways to help their systems interoperate for a better customer experience. In addition, CSP customers are moving to automated provisioning systems to enable them to more easily purchase, upgrade or add new features. As a result, CSPs are looking for ways to offer new communications services more rapidly and efficiently to existing and new customers. Increased competition and demand for superior end-user experience have placed significant pressure on CSPs to improve customer focused processes. CSPs are increasingly turning to transaction based, cost effective, scalable and automated third-party solutions that can offer guaranteed levels of service delivery.

Our Growth Strategy

Our growth strategy is to establish our ActivationNow® and ConvergenceNow® platforms as the premium platforms for leading providers of communications services and digital convergence services, while investing in extensions of the services portfolio. We believe the final and key differentiators in next generation mobility will be to provide a more automated and robust customer experience. We will continue to focus our technology and efforts around improving functionality, helping CSPs drive higher ARPU, and allowing more capabilities for ordering bundled applications and content offerings across these same complex and advanced networks.

Key elements of this strategy are:

Broaden Customer Base and Expand Offering to Existing Customers. Our ActivationNow® and ConvergenceNow® platforms are designed to address CSPs and business models across the range of the communications services and digital content markets, a capability we have begun to exploit by targeting new tier-one customers and industry segments such as wireless broadband, smartphone handheld devices, online content providers and hardware OEMs. We also derive significant growth from our existing customers as they continue to expand into new distribution channels, such as the rapidly growing e-commerce channel, require new service offerings and increase transaction volumes. As CSPs expand consumer, business and indirect distribution, they require new transaction management solutions which drive increasing amounts of transactions over our platforms. Many customers purchase multiple services from us, and we believe we are well positioned to cross-sell additional services to customers who do not currently purchase our full services portfolio. In addition, the increasing importance and expansion of internet-based e-commerce has led to increased focus by CSPs on their e-channel distribution, thus providing another opportunity for us to further penetrate into existing customers. The expansion in 2007 of our AT&T relationship through the

combination of AT&T and Cingular Wireless and AT&T s acquisition of BellSouth as well as through a multi-year agreement related to the Apple® iPhone™, highlights further penetration of an existing customer as well as the development of a major growth initiative in consumer digital convergence. We also process wireless transactions to both our Time Warner and Comcast cable customers.

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Continue to Exploit VoIP Industry Opportunities. We believe continued rapid VoIP industry growth will increase the demand for our services. We have seen strong growth in residential VoIP customers and we believe we will see similar growth for commercial VoIP customers. Being the trusted partner to VoIP industry leaders, including Vonage Holdings, Comcast, Charter, Time Warner Cable and Cablevision, positions us well to benefit from the evolving needs, requirements and opportunities of the VoIP industry.

Enhance Current Wireless Industry Leadership. Spending in the global wireless industry has grown significantly in recent years. The up-tick in spending is happening because myriad advanced applications are being offered, including wireless Internet access, multimedia messaging, games and Wi-Fi. These applications translate into new transaction types that we can meld into our workflow management system. We currently process hundreds of thousands of wireless transactions every month, which are driven by increasing numbers of wireless subscribers and by wireless subscriber churn resulting from local number portability or LNP, service provider competition and other factors.

Expand Into New Geographic Markets. Although the majority of our revenue has traditionally been generated in North America, in 2007 we began our entry into the European Union by signing agreements with system integrators Siemens AG and Alma Technologies SA. We currently intend to continue our global expansion by focusing initially in Europe and believe there are opportunities to penetrate other new geographic markets within the coming years, particularly Asia/Pacific and Latin America, as these markets experience similar trends to those that have driven growth in North America.

Expand into the Smart Handset Markets. Our proprietary technology allows CSPs to bring together disparate systems and manage the ordering, activation and provisioning of communications services, allowing them to lower the cost of new customer acquisition and product lifecycle management. We believe the smart handset makers will face the same hurdles and we plan to extend our technology from the network to the interface and software that sits on the actual smart handset. As new smartphones are deployed, we will strive to ensure our technology can support a plug and play approach to end users wishing to purchase new advanced services, by automating and re-using our current platforms embedded roots with many of the leading service providers today across all wireless, wireline, VoiP, and high speed data networks.

Maintain Technology Leadership. Our proprietary technology allows CSPs to bring together disparate systems and manage the ordering, activation and provisioning of communications services, allowing them to lower the cost of new customer acquisition and product lifecycle management. We intend to build upon our technology leadership by continuing to invest in research and development to increase the automation of processes and workflows and develop complementary product modules that leverage our platforms and competitive strengths, thus driving increased interest in our solutions by making it more economical for CSPs to use us as a third-party solutions provider. In addition, we believe our close relationships with our tier-one CSPs will continue to provide us with valuable insights into the challenges that are creating demand for next-generation solutions.

Expand through Partnerships or Acquisitions. As we explore new opportunities, we continue to look for companies which are complementary to us for partnership or acquisition candidates that will enable us to either enter new markets or enhance our offerings.

Products and Services

We are a leading provider of multi-channel transaction management solutions to the communications services and digital content marketplaces based on our penetration and relationships with key CSPs. Our offerings are designed to allow our customers to respond to market demand quickly and efficiently, to optimize service offerings and to build stronger relationships with their customers. In addition, we offer process and workflow consulting services, development services and enterprise portal management services. From time to time, we will provide these services

for a fee as part of the process of transitioning new customers onto our platforms and integrating our platforms with the customer s back office systems. These services enable our customers to realize the benefits of our transaction management solutions.

ActivationNow® and ConvergenceNow® Platforms

Our ActivationNow® and ConvergenceNow® platforms address a service provider s needs and requirements with a flexible design which can scale with their expanding business operations. Our ActivationNow® and ConvergenceNow® platforms are engineered to meet volume, speed to market and service guarantees which are important differentiators of our transaction management solutions. Each platform is a fully hosted service delivered over the Internet or a dedicated communication channel. Each new customer addition comes with a specific transaction fee and with guaranteed service levels. In addition, ActivationNow® and ConvergenceNow® platforms provide complete work flow management, including exception handling. Our ActivationNow® and ConvergenceNow® platforms:

- Provide what we believe to be one of the lowest costs per gross add in the wireless e-commerce market;
- Handle extraordinary transaction volumes with our scalable platform solutions;
- Deliver speed to market on new and existing offerings;
- Enable multi-channel transaction management solutions to be deployed; and
- Guarantee performance backed by solid business metrics and SLAs.

Our ActivationNow® and ConvergenceNow® platforms are designed to integrate with back-office systems, allowing work to flow electronically across the service provider s and digital convergence provider s organization while providing ready access to performance and resource usage information. Our integrated approach provides comprehensive support for current and emerging services, network technologies, smart handset devices and evolving business processes across all forms of bundled services.

Our ActivationNow® and ConvergenceNow® platforms are comprised of four distinct tiers, each providing solutions to the most common and critical needs of our customers.

PerformancePartner® Portal

Our PerformancePartner® portal, the first tier of our ActivationNow® and ConvergenceNow® platforms, is a graphical user interface that allows entry of transaction data into the gateway. Through the PerformancePartner® portal, the CSPs can set up accounts, renew contracts and update and submit new transactions for transaction management processing.

Gateway Manager

Our gateways, the service provisioning subsystems and second tier of our ActivationNow® and ConvergenceNow® platforms, provide the capability to fulfill multiple transactions. These gateways are the engines that support our clients front-end portals, handling hundreds of thousands of transactions on a monthly basis. Our gateways deliver flexible architecture, supporting seamless entry and rapid time to market for our CSP customers. In addition, these gateways contain business rules to interact with the CSPs back-office and third-party trading partners.

WorkFlow Manager

Our WorkFlow Manager, the third tier of our ActivationNow® and ConvergenceNow® platforms, provides a seamless interaction with all third-party relationships and enables CSPs to have a single transaction view, including all relevant

data from third-party systems. The Workflow Manager is designed to ensure that each customer transaction is fulfilled accurately and offers:

- Flexible configuration to meet individual CSP requirements;
- Centralized queue management for maximum productivity;
- Real-time visibility for transaction revenues management;
- Exception handling management;

Order view available during each stage of the transactional process; and

Uniform look and integrated experience.

By streamlining all procurement processes from pre-order through service activation and billing, our WorkFlow Manager reduces many costs and time impediments that often delay the process of delivering products and services to end-users.

Visibility Manager

The fourth tier of our ActivationNow® and ConvergenceNow® platforms, our Visibility Manager, provides historical trending and mobile reporting to our CSP customers, supports best business practices and processes and allows CSPs to assess whether daily metrics are met or exceeded. The Visibility Manager offers:

A centralized reporting platform that provides intelligent analytics around the entire workflow;

Transaction management information;

Historical trending; and

Mobile reporting for key users to receive critical transaction data on mobile devices.

The Gateway Manager, WorkFlow Manager and Visibility Manager tiers are typically deployed by all of our customers. The PerformancePartner® portal is deployed only if our customer does not have a front-end portal to interact with end-user customers. All of our four tiers are designed to be open and flexible to enable rapid deployments. One critical function provided by our ActivationNow® and ConvergenceNow® platforms design is information management. By making information more accessible and useful, our ActivationNow® and ConvergenceNow® platforms enable a service provider to manage its business more efficiently, to provide more services with the highest possible quality and to deliver superior customer care. Our ActivationNow® and ConvergenceNow® platforms are designed to recognize, isolate and address transactions when there is insufficient information or other erroneous process elements through a suite of capabilities we refer to as exception handling. Our solutions offer a centralized reporting platform that provides intelligent, real-time analytics around the entire workflow related to a transaction. The Workflow Manager and the Visibility Manager identify, correct and process non-automated transactions and exceptions in real-time, which we believe are key differentiators for our solutions.

Customers

Our typical customers are providers of communications services, from traditional local and long-distance services to Internet-based services. We serve wireless service providers, such as AT&T and Sprint Nextel, providers of VoIP services, such as Vonage Holdings, Comcast and Cablevision Systems, VoIP enablers, such as Level 3 Communications, and long distance carriers, such as Verizon Business. We also serve emerging CSPs, such as Clearwire. We maintain strong and collaborative relationships with our customers, which we believe to be one of our core competencies and critical to our success. We are generally the only provider of the services we offer to our customers. Our contracts typically extend up to 48 months in length from execution and include minimum transaction or revenues commitments from our customers. All of our significant customers may terminate their contracts for convenience upon written notice and payment of contractual penalties. We have a long-standing relationship with Cingular Wireless, which is now known as AT&T Mobility, dating back to January 2001 when we began providing service to AT&T Wireless, which was subsequently acquired by Cingular Wireless, and in December 2006 became a

division of AT&T Inc. We are the primary provider of e-commerce transaction management solutions to AT&T Mobility, our largest customer, under an agreement which runs through January of 2009 that automatically will be renewed for an additional twelve months unless either party terminates prior to November 1, 2008. Under the terms of this agreement, AT&T Mobility may terminate its relationship with us for convenience, although we believe AT&T Mobility would encounter substantial costs in replacing our transaction management solution. For 2007, we received 76% of our revenues from AT&T Inc., compared to 66% of our revenues in 2006. No other customer accounted for more than 10% of our revenues in 2007.

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Sales and Marketing

Sales

We market and sell our services primarily through a direct sales force. To date, we have concentrated our sales efforts on a range of CSPs that offer wireless, broadband, VoIP and wireline services that offer digital convergence services. Following each sale, we assign account managers to provide ongoing support and to identify additional sales opportunities. We generate leads from contacts made through trade shows, seminars, conferences, market research, our Web site, customers, partners and our ongoing public relations program. Due to ongoing privatization and the increasing competition among CSPs in international markets we expanded our sales and marketing efforts in 2007 outside of North America into the European Union.

Marketing

We focus our marketing efforts on product initiatives, creating awareness of our services and generating new sales opportunities. We base our product management strategy on an analysis of market requirements, competitive offerings and projected cost savings. Our product managers are active in numerous technology and industry forums such as CTIA, GSMA, NCTA ATIS and VON at which we demonstrate our transaction management solutions.

In addition, through our product marketing and marketing communications functions, we manage and maintain our Web site, publish product related communications and educational white papers and conduct seminars and user group meetings. We also have an active public relations program and maintain relationships with recognized industry analysts such as IDC, Gartner, Stratecast and Yankee Group. We also actively sponsor technology-related conferences and demonstrate our solutions at trade shows targeted at providers of communications services.

Operations and Technology

We leverage common, proprietary e-commerce information technology platforms to deliver carrier grade services to our customers across communication and digital convergence market segments. Constructed using a combination of internally developed and licensed technologies, our e-commerce platforms integrate our order management, gateway, workflow and reporting into a unified system. The platforms are secure foundations on which to build and offer additional services and maximize performance, scalability and reliability.

Exception Handling Services

We differentiate our services from both the internal and competitive offerings by handling exceptions through both our technology and human touch solutions, a substantial portion of which is provided by third-party vendors. Our business process engineers optimize each workflow; however, there are exceptions and we handle these to ensure the highest quality customer experience at the lowest cost. Our exception handling services handle the customer communication touchpoints including provisioning orders, inbound calls, automated IVR responses (e.g., order status, address changes), web forums, inbound and outbound email, proactive outbound calls (e.g., out of stock, backorders, exceptions) and self-correct order tools. These services are continuously reviewed for improved workflow and automation. We use third-party vendors in providing exception handling services, each of whom provide services under automatically renewable contracts. We believe our unique exception handling services help reduce the cost of each transaction by driving more automation, over time, into a better and more cost effective way to manage our customer s subscriber experiences.

Data Center Facilities

For over five years, we have operated and maintained a data center in Bethlehem, PA, and have consistently focused on the security, technology, maintenance, staffing and reliability of the data center facility. This secure facility houses all customer-facing, production, test and development systems that are the backbone of the services delivered to our customers. The facility and all systems are monitored 7 days a week, 24 hours a day, and are protected via multiple layers of physical and electronic security measures. In addition, a redundant power supply ensures constant, regulated power into the Managed Data Facility and a back-up generator system provides power

indefinitely to the facility in the event of a utility power failure. All systems in the Managed Data Facility are monitored for availability and performance using industry standard tools such as HP OpenView®, Big Brother®, Oracle Enterprise Manager®, CiscoWorks® and Empirix OneSight®.

Network

We use AT&T, a tier-one service provider, to provide a managed, fully-redundant network solution to deliver enterprise scale services to its customers. Specifically, we have two OC-3 fiber optic rings, delivering 115MB/sec of highly redundant bandwidth to the Bethlehem and Bridgewater facilities. WAN connectivity between our locations is achieved via a DS-3 MPLS circuit and Internet access to each location via a dedicated DS-3. A dedicated fiber-optic connection, provided by Level 3 Communications, is utilized to provide a data center backbone connection between our Bethlehem and Bridgewater facilities that is used for disaster recovery.

Disaster Recovery Facility

We operate a second data center facility at our corporate headquarters in Bridgewater, New Jersey that is used to provide a hot site for disaster recovery purposes. In the event of a major service disruption at our primary facility, production application services will be activated at the secondary facility and services will be restored in a period of time required to meet all customer-facing service level agreements (SLAs) for availability and service delivery.

Customer Support

Our Customer Service Center (CSC) acts as an initial point of contact for all customer related issues and requests. The CSC staff is available 7 days a week via phone, email or pager to facilitate the diagnosis and resolution of application and service related issues with which they are presented. Issues that require further investigation are immediately escalated to our product and infrastructure support teams on behalf of the customer to provide the greatest speed of problem resolution and highest levels of customer service.

Competition

Competition in our markets is intense and includes rapidly-changing technologies and customer requirements, as well as evolving industry standards and frequent product introductions. We compete primarily on the basis of the breadth of our domain expertise and our proprietary exception handling, as well as on the basis of price, time-to-market, functionality, quality and breadth of product and service offerings. We believe the most important factors making us a strong competitor include:

- the breadth and depth of our transaction management solutions, including our exception handling technology;
- the quality and performance of our products;
- our high-quality customer service;
- our ability to implement and integrate solutions;
- the overall value of our platforms; and
- the references of our customers.

We are aware of other software developers and smaller entrepreneurial companies that are focusing significant resources on developing and marketing products and services that will compete with our ActivationNow® and ConvergenceNow® platforms. We anticipate continued growth in the communications industry and the entrance of new competitors in the order processing and transaction management solutions market and expect that the market for our products and services will remain intensely competitive.

Government Regulation

We are not currently subject to direct federal, state or local government regulation, other than regulations that apply to businesses generally. Many of our customers are subject to regulation by the Federal Communications

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Commission, or FCC. Changes in FCC regulations that affect our existing or potential customers could lead them to spend less on transaction management solutions, which would reduce our revenues and could have a material adverse effect on our business, financial condition or results of operations.

Intellectual Property

To establish and protect our intellectual property, we rely on a combination of copyright, trade secret and trademark laws, as well as confidentiality procedures and contractual restrictions. Synchronoss®, the Synchronoss logo, PerformancePartner®, ConvergenceNow® and ActivationNow® are registered trademarks of Synchronoss Technologies, Inc. In addition to legal protections, we rely on the technical and creative skills of our employees, frequent product enhancements and improved product quality to maintain a technology-leadership position. We cannot be certain that others will not develop technologies that are similar or superior to our technology.

We enter into confidentiality and invention assignment agreements with our employees and confidentiality agreements with our alliance partners and customers, and we control access to and distribution of our software, documentation and other proprietary information.

Employees

We believe that our growth and success is attributable in large part to our employees and an experienced management team, many members of which have years of industry experience in building, implementing, marketing and selling transaction management solutions critical to business operations. We intend to continue training our employees as well as developing and promoting our culture and believe such efforts provide us with a sustainable competitive advantage. We offer a work environment that enables employees to make meaningful contributions, as well as incentive programs to continue to motivate and reward our employees.

As of December 31, 2007, we had 232 full-time employees. None of our employees are covered by any collective bargaining agreements.

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Executive Officers of the Registrant

The following sets forth certain information regarding our Executive Officers as of February 28, 2008:

Name	Age	Position
Stephen G. Waldis	40	Chairman of the Board of Directors, President and Chief Executive Officer
Lawrence R. Irving	51	Chief Financial Officer and Treasurer
Robert Garcia	39	Chief Operating Officer
Omar Tellez	39	Chief Marketing Officer
Christopher S. Putnam	39	Executive Vice President of Sales
Ronald J. Prague	44	Vice President, General Counsel and Secretary
S. Andrew Cox	42	Chief Information Officer
Robert Sean Parkinson	49	President, International
Patrick J. Doran	34	Vice President, Research and Development and Chief Technology Officer

Stephen G. Waldis has served as President and Chief Executive Officer of Synchronoss since founding the company in 2000 and has served as Chairman of the Board of Directors since February of 2001. Before founding Synchronoss, from 1994 to 2000, Mr. Waldis served as Chief Operating Officer at Vertek Corporation, a privately held professional services company serving the telecommunications industry. From 1992 to 1994, Mr. Waldis served as Vice President of Sales and Marketing of Logical Design Solutions, a provider of telecom and interactive solutions. From 1989 to 1992, Mr. Waldis worked in various technical and product management roles at AT&T. Mr. Waldis received a degree in corporate communications from Seton Hall University.

Lawrence R. Irving has served as Chief Financial Officer and Treasurer of Synchronoss since July 2001. Before joining Synchronoss, from 1998 to 2001, Mr. Irving served as Chief Financial Officer and Treasurer at CommTech Corporation, a telecommunications software provider that was acquired by ADC Telecommunications. From 1995 to 1998, Mr. Irving served as Chief Financial Officer of Holmes Protection Group, a publicly traded company which was acquired by Tyco International. Mr. Irving is a certified public accountant and a member of the New York State Society of Certified Public Accountants. Mr. Irving received a degree in accounting from Pace University.

Robert Garcia has served as Chief Operating Officer of Synchronoss since April 2007. Prior to that position, Mr. Garcia served in various positions at Synchronoss, including Executive Vice President of Operations and Service Delivery and General Manager of Synchronoss western office since joining Synchronoss in August 2000. Before joining Synchronoss, Mr. Garcia was a Senior Business Consultant with Vertek Corporation from January 1999 to August 2000. Mr. Garcia has also held senior management positions with Philips Lighting Company and Johnson & Johnson Company. Mr. Garcia received a degree in logistics and economics from St. John s University in New York.

Christopher S. Putnam has been with Synchronoss since January 2004 and has served as Executive Vice President of Sales of Synchronoss since April 2005. Mr. Putnam leads the Company s new business initiatives and sales teams, and he is responsible for strategic account acquisitions such as Time Warner Cable, Comcast and Vonage. Prior to joining Synchronoss, from 1999 to 2004, Mr. Putnam served as Director of Sales for Perot Systems Telecommunications business unit. Mr. Putnam received a degree in communications from Texas Christian University.

Omar Tellez joined in June 2006 as Executive Vice President of Marketing. Before joining Synchronoss, Mr. Téllez was the Vice President of the Product Solutions Group at Openwave Systems from 2001 to 2006 and was with Booz

Allen & Hamilton s Communication Media and Technology Practice from 1996 to 2001. Mr. Tellez received a master of business administration degree from the Haas School of Business at the University of California, Berkeley, and a degree in industrial engineering from the Universidad de los Andes in Bogota, Colombia.

Ronald J. Prague joined Synchronoss in July 2006 as Vice President and General Counsel of Synchronoss and has served as Secretary since October 2006. Before joining Synchronoss, Mr. Prague held various positions with Intel Corporation from February 1998 to June 2006, most recently as Group Counsel for Intel s Communications

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Infrastructure Group. Prior to joining Intel, Mr. Prague practiced law with the law firm of Haythe & Curley (now Torys LLP) from 1992 to 1998 and with Richards & O Neil (now Bingham McCutchen) from 1988 to 1992. Mr. Prague is a graduate of Northwestern University School of Law and earned a degree in business administration and marketing from Cornell University.

S. Andrew Cox joined Synchronoss in December 2003 as Chief Information Officer. Prior to joining Synchronoss, from March 1997 to December 2003, Mr. Cox was the Managing Director for Infrastructure Solutions with CoreTech Consulting Group, and was an analyst with Rohm and Haas Company from December 1992 to March 1997. Mr. Cox received a degree in electrical engineering from Bucknell University and a Masters of Business Administration from Loyola College.

Robert Sean Parkinson joined Synchronoss in December 2007 as President, International Operations. Prior to joining Synchronoss, from 2004 to 2007, Mr. Parkinson was the Chief Executive Officer for Non-Western Operations of T-Systems Gmbh. From 2002 to 2004, Mr. Parkinson was Senior Vice President of Global Business Development of AIG Technologies, Inc. Mr. Parkinson received a business diploma degree in 1979 from Manchester University, Manchester, England.

Patrick J. Doran has served as Vice President, Research and Development and Chief Technology Officer since April 2007. Prior to that position, Mr. Doran served in various positions at Synchronoss, including Chief Architect and Senior Software Engineer since joining Synchronoss in 2002. Before joining Synchronoss, Mr. Doran was a Senior Development Engineer at Agility Communications from 2000 to 2002 and a Member of Technical staff at AT&T/Lucent from 1996 to 2000. Mr. Doran received a degree in Computer and Systems engineering from Rensselaer Polytechnic Institute and a masters degree in Industrial engineering from Purdue University.

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ITEM 1A. ***RISK FACTORS***

The following are certain risk factors that could affect ouign="bottom" style="border-bottom: 1px solid #000000">
($)(2) **($) ($)(3)(4) ($)**

Philip Calian			
	46,500	258,040	304,540
David Contis			
	47,000	110,260	157,260
Thomas Dobrowski			
	46,000	110,260	156,260
Sheli Rosenberg			
	47,500	356,560	404,060
Howard Walker			
	46,500	258,040	304,540
Gary Waterman			
	46,000	110,260	156,260
Samuel Zell			
	46,000	1,095,460	1,141,460

(1) For 2010, the Company paid each of its non-employee directors an annual fee of $45,000. In addition, directors who serve on the Executive Committee, Audit Committee or Compensation Committee receive an additional $1,000 per annum for each committee on which they serve. Committee chairpersons receive an additional $500 per annum for their service. Directors who are employees of the Company are not paid any directors fees.

(2) These amounts reflect the grant date fair value, as calculated in accordance with FASB ASC Topic 718 Stock Compensation (FASB ASC 718), related to restricted stock and option awards issued in 2010 pursuant to the Company s Stock Option and Award Plan.

Refer to Note 13, Stock Option Plan and Stock Grants, in the Notes to the Consolidated Financial Statements included in the Company s 2010 Form 10-K filed on February 24, 2011 for the relevant assumptions used to determine the valuation of our restricted stock and option awards.

Pursuant to the Stock Option and Award Plan, on the date of the first Board of Directors meeting after each Annual Meeting of Stockholders, each director then in office will receive at the director s election either an annual grant of options to purchase 10,000 shares of Common Stock at the then-current market price or an annual grant of 2,000 shares of Restricted Common Stock. One-third of the options to purchase Common Stock and the shares of Restricted Common Stock covered by these awards vest on the date six months after the grant date, one-third vest on the first anniversary of the grant date and one-third vest on the second anniversary of the grant date.

Pursuant to the authority granted in the Stock Option and Award Plan, in November 2010 the Compensation Committee approved the annual award of stock options to be granted to the Chairman of the Board, the Compensation Committee Chairperson and Lead Director, the Executive Committee Chairperson, and the Audit Committee Chairperson and Audit Committee Financial Expert on January 31, 2011 (or the following trading day if the NYSE is closed on such date) for their services rendered in 2010. Ms. Rosenberg abstained from discussion and voting on the award granted to the Chairperson of the Compensation Committee and Lead Director. On January 31, 2011, Mr. Zell was awarded options to purchase 100,000 shares of Common Stock, which he elected to receive as 20,000 shares of Restricted Common Stock, for services rendered as Chairman of the Board during 2010; Ms. Rosenberg was awarded options to purchase 25,000 shares of Common Stock, which she elected to

receive as 5,000 shares of Restricted Common Stock, for services rendered as Lead Director and Chairperson of the Compensation Committee during 2010; Mr. Walker was awarded options to purchase 15,000 shares of Common Stock, which he elected to receive as 3,000 shares of Restricted Common Stock, for services rendered as Chairperson of the Executive Committee during 2010; and Mr. Calian was awarded options to purchase 15,000 shares of Common Stock, which he elected to receive as 3,000 shares of Restricted Common Stock, for services rendered as Audit Committee Financial Expert and Audit Committee Chairperson during 2010. Such shares were issued at a per share price of $56.88, the NYSE closing price of the Company s Common Stock on January 31, 2011. One-third of the

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options to purchase Common Stock and the shares of Restricted Common Stock covered by these awards vests on each of December 31, 2011, December 31, 2012, and December 31, 2013.

As of December 31, 2010, each non-employee director had the following unexercised stock options and unvested Restricted Stock awards outstanding:

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Number of Shares of Stock That Have Not Vested
Philip Calian			5,001
David Contis	1,866	934	2,001
Thomas Dobrowski			2,001
Sheli Rosenberg	25,000		7,002
Howard Walker	50,000		5,001
Gary Waterman			2,001
Samuel Zell	636,666	33,334	15,335

(3) During the year ended December 31, 2010, directors did not receive any perquisites or other compensation. The Company reimburses the directors for travel expenses incurred in connection with their activities on behalf of the Company.

(4) In December 2000, the Company entered into a deferred compensation arrangement with Mr. Walker to encourage him to remain employed by the Company. The agreement provided Mr. Walker with a salary benefit commencing May 17, 2004. Pursuant to the agreement, commencing on such date, Mr. Walker receives an annual deferred compensation payment in the amount of $200,000 for a ten-year period. The Company purchased an annuity for approximately $1.2 million to fund its future obligations under the agreement. The annuity is held by a trust for the benefit of Mr. Walker and is subject to the claims of creditors of the Company. A copy of Mr. Walker s deferred compensation agreement was filed on Form 8-K with the SEC on September 25, 2008.

Vote Required

A plurality of the votes cast in person or by proxy at the Annual Meeting is required for the election of directors. Although we know of no reason why any nominee would not be able to serve, if any nominee should become unavailable for election, the persons named as proxies will vote your shares of Common Stock to approve the election of any substitute nominee proposed by the Board.

Board Recommendation

The Board unanimously recommends that you vote FOR each of the eight nominees for director for a one-year term.

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PROPOSAL NO. 2

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board recommends that the stockholders ratify the selection of Ernst & Young as the Company s independent registered public accounting firm (Independent Accountants) for the fiscal year ending December 31, 2011. As a matter of good corporate governance, the selection of Ernst & Young is being submitted to stockholders for ratification. In the event of a negative vote on such ratification, the Audit Committee will reconsider its selection. Even if Ernst & Young is ratified as Independent Accountants by the stockholders, the Audit Committee, in its discretion, may direct the appointment of different Independent Accountants at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

Ernst & Young has advised us that neither it nor any member thereof has any financial interest, direct or indirect, in our Company or any of our subsidiaries in any capacity. There have been no disagreements between the Company and its Independent Accountants relating to accounting procedures, financial statement disclosures or related items. Representatives of Ernst & Young are expected to be available at the Annual Meeting. These representatives will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Audit and Non-Audit Fees

Audit Fees. The aggregate fees billed (or expected to be billed) for fiscal years 2010 and 2009 for professional services rendered by the Independent Accountants for the audit of the Company s financial statements, for the audit of internal controls relating to Section 404 of the Sarbanes-Oxley Act, and for the reviews by the Independent Accountants of the financial statements included in the Company s Forms 10-Q were approximately $586,300 and $836,200, respectively. The 2009 fees also included amounts related to the Company s June 2009 Common Stock offering and May 2009 shelf registration.

Audit-Related Fees. The aggregate fees billed (or expected to be billed) for fiscal years 2010 and 2009 for assurance and related services by the Independent Accountants that are reasonably related to the performance of the audit or review of the Company s financial statements that are not reported as Audit Fees above were approximately $48,600 and $66,500, respectively. These fees consist primarily of fees for services provided to assist the Company with attest services related to audits of subsidiaries and benefit plans and other accounting consultations.

Tax Fees. The aggregate fees billed (or expected to be billed) for fiscal years 2010 and 2009 for professional services rendered by the Independent Accountants for tax compliance, tax advice and tax planning were approximately $52,000 and $25,000, respectively.

All Other Fees. There were no other fees billed to the Company by the Independent Accountants in fiscal years 2010 and 2009.

Auditor Independence. The Audit Committee has determined that the Independent Accountants provision of the non-audit services described above is compatible with maintaining the Independent Accountants independence.

Policy on Pre-Approval. The Company and the Audit Committee are committed to ensuring the independence of the Company s Independent Accountants, both in fact and in appearance. In this regard, the Audit Committee has established a pre-approval policy in accordance with the applicable rules of the SEC and the NYSE. The Audit

Committee must pre-approve all audit services and permissable non-audit services provided by the Company s Independent Accountants, except for any *de minimis* non-audit services. The Audit Committee may delegate to one or more of its members who is an independent director the authority to grant pre-approvals. All services provided by Ernst & Young in 2010 were pre-approved by the Audit Committee, except for *de minimis* services for which approval authority was delegated to Mr. Berman.

Vote Required

The affirmative vote of holders of a majority of the votes cast is necessary to ratify the selection of Ernst & Young.

Board Recommendation

The Board unanimously recommends that you vote FOR the ratification of the selection of Ernst & Young as the Company s Independent Accountants for 2011.

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AUDIT COMMITTEE REPORT

The Audit Committee of the Board consists of Mr. Calian, Mr. Contis, and Mr. Dobrowski. The Board has determined that Mr. Calian, Mr. Contis, and Mr. Dobrowski each meet the independence and financial literacy requirements of the NYSE and Rule 10A-3 under the Exchange Act. In addition, the Board has determined that Mr. Calian, Mr. Contis and Mr. Dobrowski each qualify as an audit committee financial expert as defined by the SEC rules. No member of the Audit Committee is a current or former officer or employee of the Company, and no member serves on more than two other public company audit committees.

The Audit Committee oversees the Company s financial reporting process on behalf of the Board. The Company s management has the primary responsibility for the financial statements, for maintaining effective internal control over financial reporting, and for assessing the effectiveness of internal control over financial reporting. The Audit Committee is governed by a written charter approved by the Board. In accordance with this charter, the Audit Committee oversees the accounting, auditing and financial reporting practices of the Company. The Audit Committee is responsible for the appointment, retention, compensation, and oversight of the work of the Independent Accountants. The Audit Committee pre-approves the services of the Independent Accountants in accordance with the applicable rules of the SEC and the NYSE. The Audit Committee has also established procedures for the processing of complaints received from employees regarding internal control, accounting, and auditing matters. The Audit Committee held thirteen meetings during 2010.

In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed the audited financial statements in the Company s Annual Report on Form 10-K for the year ended December 31, 2010 (the 2010 Form 10-K) with the Company s management, including a discussion of the quality, not just the acceptability, of the accounting principles; the reasonableness of significant judgments; and the clarity of disclosures in the financial statements. The Audit Committee also reviewed and discussed management s report on its assessment of the effectiveness of the Company s internal control over financial reporting and the Independent Accountant s report on management s assessment and the effectiveness of the Company s internal control over financial reporting with management, the internal auditors and the Independent Accountants.

The Audit Committee reviewed with the Company s Independent Accountants, who are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of the Company s accounting principles and such other matters as are required to be discussed with the Audit Committee by Statement on Auditing Standards No. 61 (as amended), other standards of the Public Company Accounting Oversight Board, rules of the SEC, and other applicable regulations. In addition, the Audit Committee has discussed with the Independent Accountants the Independent Accountant s independence from the Company s management and the Company, including the matters in the letter from the Independent Accountants required by the applicable requirements of the Public Company Accounting Oversight Board regarding the Independent Accountant s communications with the Audit Committee concerning independence, and considered the compatibility of non-audit services provided to the Company by the Independent Accountants with the Independent Accountant s independence.

The Audit Committee discussed with the Company s Independent Accountants the overall scope and plans for their audit. The Audit Committee met with the Independent Accountants, with and without management present, to discuss the results of their examinations; their evaluation of the Company s internal controls, including internal control over financial reporting; and the overall quality of the Company s financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board, and the Board approved, that the audited financial statements and management s assessment of the effectiveness of the Company s internal control over financial reporting be included in the 2010 Form 10-K for filing with the SEC. The Audit Committee and the Board also have recommended, subject to stockholder ratification, the selection of the Company s Independent Accountants.

Respectfully submitted,

Philip Calian, Chair
David Contis
Thomas Dobrowski

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EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary. The purpose of this Compensation Discussion and Analysis (CD&A) is to provide stockholders with a description of the material elements of the Company s compensation program for the following individuals who were the Company s named executive officers as of December 31, 2010:

Thomas Heneghan	President and Chief Executive Officer
Joe McAdams	Former President
Michael Berman	Executive Vice President and Chief Financial Officer
Ellen Kelleher	Executive Vice President Property Management
Roger Maynard	Executive Vice President Asset Management
Marguerite Nader	Executive Vice President New Business Development

The core principle of the Company s executive compensation program continues to be pay for performance, and the framework of our executive compensation programs includes the governance features discussed below:

The Compensation Committee is comprised solely of independent directors.

The Compensation Committee did not retain a third-party advisor or compensation consultant for 2010.

The Compensation Committee s annual review and approval of the Company s compensation strategy includes a review of compensation-related risk management. In this regard, the Compensation Committee reviews the Company s executive compensation program, including base salary, non-equity incentive compensation (bonus), retention and equity-based incentive compensation, and personal benefits. The Compensation Committee does not believe that the compensation program creates risks that are reasonably likely to have a material adverse effect on the Company.

With the exception of Mr. McAdams, our executive officers have no employment agreements or severance agreements. The Company entered into an employment agreement with Mr. McAdams effective as of January 1, 2008. Mr. McAdams employment agreement was approved by the Compensation Committee and provided for a term of three years, which term expired on December 31, 2010 and was not renewed. Effective February 1, 2011, Mr. McAdams relinquished his role as President and became president of a subsidiary of the Company, and therefore is no longer a named executive officer. No severance or post-employment compensation payments were made to Mr. McAdams.

The executive officers are subject to share ownership guidelines as further described below.

The Company s insider trading policy prohibits executive officers from engaging in speculative transactions in the Company s securities, such as short sales or an equivalent transaction involving Company stock. The executive officers must also follow the requirements of the Company s Business Ethics and Conduct Policy.

The Compensation Committee takes into consideration the overall performance of the Company when establishing the compensation program and determining final payments to the executive officers. This review of overall Company performance is in addition to specific goals and targets that are set for each executive officer. The following tables

show the Company s historical stock price, annual dividends, and Funds From Operations (FFO). FFO is a non-GAAP financial measure. The Company believes that FFO, as defined by the Board of Governors of the National Association of Real Estate Investment Trusts (NAREIT), is generally an appropriate

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measure of performance of an equity REIT. Appendix A to this proxy statement includes a reconciliation of FFO to the most comparable GAAP measure.

Note: This chart shows the ELS stock price from January 2008 through January 2011.

Note: This chart shows ELS FFO growth over the last five years.

Note: This chart shows ELS annual dividend per share growth over the last five years.

General Philosophy. The Compensation Committee determines and approves the compensation of the Company s executive officers and guides the Company s overall philosophy towards the compensation of its employees. The Compensation Committee believes that the compensation of the Company s executive officers should be both competitive and based on individual and Company performance. The Compensation Committee believes that the compensation of the executives should reflect their success as a management team in attaining certain operational goals, which leads to the success of the Company and serves the best interests of our stockholders. The Compensation Committee consults with executive management regarding both executive and non-executive employee compensation plans and programs, including administering our equity incentive plans. The Compensation Committee did not consult with an outside advisor or compensation consultant during 2010.

Objectives of the Compensation Program. The primary objective of the Company s compensation program is to attract and retain highly qualified executives by providing competitive base salaries and meaningful short-term and equity-based incentives. In addition, the compensation program is structured to hold the executive officers accountable for the performance of the Company by tying a portion of their annual non-equity incentive compensation to performance targets. The compensation program is also designed to promote an

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ownership mentality among executives. The Compensation Committee recognizes that the interests of stockholders are best served by giving key employees the opportunity to participate in the appreciation of the Company s Common Stock. In October 2005, the Board established stock ownership guidelines for each of the executive officer positions and directors. Under these guidelines, all of the executive officers and directors are required to purchase a minimum amount of the Company s Common Stock, valued at the time of purchase, and to maintain this minimum amount throughout their tenure as an executive officer or member of the Board. Such ownership guidelines follow: five times the base salary for the CEO; four times the base salary for the President; three times the base salary for each of the other executive officers; and three times the annual retainer for each Board member. Each of the executive officers and Board members currently own shares of Common Stock of the Company, which exceed the minimum established guidelines.

The following table shows the value of shares of Common Stock and Preferred Stock of the Company, including shares upon exercise of options, beneficially owned by each executive officer as of the Record Date as a percentage of their 2010 base salary.

Name	Shares of Common Stock(1)	Shares of Common Stock Upon Exercise of Options(2)	Shares of Preferred Stock(3)	Total Shares	Value of Shares Owned ($)(4)	Base Salary ($)	Stock Ownership Value / Base Salary (5)
Thomas Heneghan	155,075	30,000	40,000	225,075	11,341,245	382,454	30x
Joe McAdams	37,362	20,000	44,000	101,362	4,297,257	300,000	14x
Michael Berman	43,526		20,000	63,526	2,929,409	311,428	9x
Ellen Kelleher	159,930		40,000	199,930	9,934,885	311,428	32x
Roger Maynard	57,941		8,000	65,941	3,438,640	311,428	11x
Marguerite Nader	24,168		16,000	40,168	1,747,716	311,428	6x
All executive officers as a group	478,002	50,000	168,000	696,002	33,689,152	1,928,166	17x

(1) Shares of Common Stock beneficially owned as of the Record Date.

(2) The amounts shown in this column reflect shares of Common Stock, subject to options, which are currently exercisable or exercisable within 60 days of the Record Date.

(3) Shares of 8.034% Series A Cumulative Redeemable Perpetual Preferred Stock (the Preferred Stock) beneficially owned as of the Record Date. These shares do not have voting rights.

(4) The value of the total shares beneficially owned as of the Record Date using the Company s Common Stock closing stock price of $55.93 on December 31, 2010 and the initial offering price of $24.75 for the Preferred Stock.

(5) The value of total shares beneficially owned as of the Record Date as compared to the executive officer s 2010 base salary.

What Our Compensation Program is Designed to Reward. The compensation program is designed to reward the Company s executive officers for their contributions to the Company and for achieving improvements in the Company s performance during the year. The Compensation Committee deliberately kept base salaries at a relatively small percentage of total compensation. This allows us to reward each officer s performance through annual bonus awards and incentives such as Restricted Common Stock Awards. The annual non-equity incentive bonus plan involves the Compensation Committee and the CEO, with input from each executive officer, jointly setting goals for each of the executive officers. Restricted Common Stock Awards are designed to provide incentive to the executives to ensure the successful implementation of long-term strategic goals of the Company and to provide for the retention of such executives.

Elements of Compensation. During the year ended December 31, 2010, there were three major components of executive compensation: base salary, non-equity incentive compensation (bonus), and retention and equity-based incentive compensation. In conjunction with the CEO, the Compensation Committee reviews the Company s executive salary structure on an annual basis with the use of a tally sheet. The tally sheet

summarizes total compensation for each executive, including base pay, stock and option award values, non-equity incentive plan compensation, and all other compensation for the current and prior years. The tally sheet allows us to quantify each executive officer s total compensation for use in comparison to the salaries of executives at other REITs.

The compensation policy takes into account a review of executive compensation and performance data on publicly traded REITs obtained from the SNL Financial database (*www.snl.com*). We believe the executive compensation information derived from the SNL Financial database for our selected peer group of REITs provides comparable salary data for the Company. The compensation program is based on a review of the median and average total compensation for each executive officer position and allows each executive to attain above or below average compensation compared to the peer group based on the Company s performance. This is achieved through the issuance of Restricted Common Stock Awards. Where salary information is unavailable for a particular position in the SNL Financial database, other positions having similar responsibilities are used. Salary increases are based upon overall Company performance and upon each officer s performance, established goals, and contribution to the Company s performance.

The companies that comprise the peer group are shown in the following table. When selecting this peer group, we took into consideration market capitalization, three-year and five-year total returns, dividend internal rate of returns, compounded annual funds from operations growth rates, and multiples. As of December 31, 2010, the three-year and five-year total return for the Company was 31% and 32%, respectively, as compared to the total return for the peer group of 7% and 20%, respectively.

PEER GROUP

Apartment Investment and Management Company (AIV)
AMB Property Corporation (AMB)
AvalonBay Communities, Inc. (AVB)
Brandywine Realty Trust (BDN)
BRE Properties, Inc. (BRE)
Boston Properties, Inc. (BXP)
CBL & Associates Properties, Inc. (CBL)
Mack-Cali Realty Corporation (CLI)
Colonial Properties Trust (CLP)
Camden Property Trust (CPT)
Commonwealth Reit (CWH)
(formerly known as HRPT Properties Trust (HRP))
Developers Diversified Realty Corporation (DDR)
Duke Realty Corporation (DRE)
Equity Residential (EQR)
Equity One, Inc. (EQY)
Essex Property Trust, Inc. (ESS)
First Industrial Realty Trust (FR)
Federal Realty Investment Trust (FRT)
General Growth Properties, Inc. (GGP)
Health Care REIT, Inc. (HCN)
Health Care Property Investors, Inc. (HCP)
Highwoods Properties, Inc. (HIW)
Home Properties, Inc. (HME)
Healthcare Realty Trust, Inc. (HR)
Host Hotels & Resorts, Inc. (HST)
Kimco Realty Corporation (KIM)
Liberty Property Trust (LRY)
Mid-America Apartment Communities, Inc. (MAA)
Macerich Company (MAC)
National Retail Properties, Inc. (NNN)
Realty Income Corporation (O)
Corporate Office Properties Trust (OFC)
ProLogis (PLD)
Public Storage, Inc. (PSA)
Regency Centers Corporation (REG)
SL Green Realty Corp. (SLG)
Simon Property Group, Inc. (SPG)
Sovran Self Storage, Inc. (SSS)
United Dominion Realty Trust, Inc. (UDR)
Vornado Realty Trust (VNO)
Ventas, Inc. (VTR)
Weingarten Realty Investors (WRI)

Total compensation for the executive officers for 2010 was approximately $9.1 million and was split between base salary, non-equity incentive compensation, retention and equity-based incentive compensation and other

compensation, as shown in the following chart. The total median compensation for the top five executives for the selected peer group for 2009, based on the latest reportable data in the SNL Financial database, was

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approximately $8.1 million and the average was approximately $9.7 million. Total compensation for all five of the Company s executive officers, as shown in the adjusted Summary Compensation Table below, was approximately $7.9 million and $9.1 million for 2009 and 2010, respectively. The increase in total executive compensation from 2009 to 2010 reflects the vesting of Mr. McAdams 2008 Restricted Stock award, in addition to an increase in the number of shares of restricted stock granted, partially offset by a change in the stock price on the dates of grant.

Base Salary. We deliberately keep base salaries at a relatively small percentage of total compensation with modest annual increases in base salary. For 2010, we concluded that a base salary of $382,454 for Mr. Heneghan and $311,428 for each of Mr. Berman, Mr. Maynard, Ms. Kelleher and Ms. Nader were appropriate in this regard. These base salaries reflected no increase over 2009 base salaries. Mr. McAdams base salary for 2010 was $300,000, which was in accordance with his employment agreement effective as of January 1, 2008.

Non-Equity Incentive Compensation. Our practice is to award annual non-equity incentive compensation (bonus) based on certain performance targets established by the Compensation Committee for each year after consultation with the CEO and executive officers. The Compensation Committee selected these performance targets, as we believe management should focus on short-term annual performance metrics that support and ensure the Company s long-term success and profitability. Performance targets were established and communicated to the executive officers in March 2010 when the outcome of the performance targets was substantially uncertain. The final payout of 2010 executive bonuses was in January 2011, after finalization of the Company s year-end earnings results.

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The total 2010 bonus potential for the executive officers was approximately $3,604,000 (2010 Bonus Potential). The following table shows the maximum 2010 Bonus Potential for each executive officer and the percentage attributed to each performance target. Mr. McAdams 2010 Bonus Potential was in accordance with his employment agreement.

Name	Maximum 2010 Bonus Potential (Amount x Base Salary)	Core MH Revenue Target (1)	RV Revenue Target (2)	Core Net Operating Income Target (3)	TT Controllable Expense Target (4)	TT Membership Products Target (5)	Discretionary Target (6)
Thomas Heneghan	2.0	10.0%	10.0%	10.0%	10.0%	10.0%	50.0%
Joe McAdams	3.0	10.0%	10.0%	10.0%	10.0%	10.0%	50.0%
Michael Berman	1.5	10.0%	10.0%	10.0%	10.0%	10.0%	50.0%
Ellen Kelleher	1.5	10.0%	10.0%	10.0%	10.0%	10.0%	50.0%
Roger Maynard	1.5	10.0%	10.0%	10.0%	10.0%	10.0%	50.0%
Marguerite Nader	1.5	10.0%	10.0%	10.0%	10.0%	10.0%	50.0%

(1) This target required achieving a 1.5% 2.0% increase in core manufactured home (MH) base rent growth with flat occupancy for the year ending December 31, 2010 as compared to the year ending December 31, 2009, which target was met. The total paid to all executive officers for this target was approximately $360,000.

(2) This target required that our core resort revenues increase 1.5% 2.0% for the year ending December 31, 2010 as compared to December 31, 2009, which target was met. The total paid to all executive officers for this target was approximately $360,000.

(3) This target required core net operating income, excluding property management expense, to increase 0.5% 1.5% for the year ending December 31, 2010 as compared to the year ending December 31, 2009, which target was met. The total paid to all executive officers for this target was approximately $360,000.

(4) This target required maintaining stable Thousand Trails (TT) controllable expenses for the year ending December 31, 2010 as compared to December 31, 2009, which target was met. The total paid to all executive officers for this target was approximately $360,000.

(5) This target focused on stimulating membership sales through new products, which target was met. The total paid to all executive officers for this target was approximately $360,000.

(6) At the beginning of 2010, the Compensation Committee in consultation with Mr. Heneghan and Mr. McAdams, developed criteria upon which each executive officer would be evaluated and which would be used in determining their discretionary bonuses. Throughout 2010, each executive officer completed self-evaluations against those criteria and met with Mr. McAdams on an ongoing basis to discuss achievement of these discretionary goals. Mr. Heneghan completed a performance evaluation of Mr. McAdams, who reported directly to Mr. Heneghan. The Compensation Committee reviewed these evaluations and considered the results of these evaluations in the overall assessment of each executive s performance.

The Compensation Committee s evaluation of Mr. Heneghan s achievements included a review of the Company s overall performance, as well as the attainment of goals by each of the other executive officers. Mr. Heneghan received 73% of his discretionary bonus potential for 2010. Mr. Heneghan requested a 10% or $78,000 reduction of his total bonus potential as a result of a non-cash write-off of goodwill that the Company recorded in the fourth quarter of 2010 and such reduction is reflected in his discretionary bonus.

Mr. McAdams was evaluated on his oversight of each of the executive officers reporting to him, as well as the achievements of each of these executive officers. Mr. McAdams received 92% of his discretionary bonus potential for 2010. Mr. Berman, Ms. Kelleher, Mr. Maynard and Ms. Nader were all evaluated on their oversight of the departments they are responsible for as well as the achievements within each of their departments.
Mr. Berman has oversight of accounting, financial reporting, tax and legal and received 92% of his discretionary bonus potential for 2010. Ms. Kelleher has oversight of property operations, human resources, training and information technology and received 92% of her discretionary bonus potential for

2010. Mr. Maynard has oversight of the property and environmental infrastructure of the Company and received 91% of his discretionary bonus potential for 2010. Ms. Nader has oversight of sales and marketing and received 92% of her discretionary bonus potential for 2010.

The total paid to all executive officers for discretionary targets was approximately $1,580,000.

Retention and Equity-Based Incentive Compensation. The Stock Option and Award Plan was adopted in December 1992, and amended and restated from time to time, most recently effective March 23, 2001. The Stock Option and Award Plan and certain amendments thereto were approved by the Company s stockholders. A maximum of 6,000,000 shares of Common Stock are available for grant under the Stock Option and Award Plan. No more than 1,800,000 of the 4,000,000 shares added to the Stock Option and Award Plan since adoption may be issued as Restricted Common Stock Awards. No more than 250,000 shares of Common Stock may be subject to grants to any one individual in any calendar year. As of December 31, 2010, 851,677 shares of Common Stock remained available for grant; of these, 451,860 shares of Common Stock remained available for Restricted Common Stock Awards. Prior to 2010, Restricted Common Stock Awards were typically granted to executive officers every three years with vesting over a three-year period. In 2010 and 2011, the Compensation Committee approved annual grants of Restricted Common Stock Awards with one-year vesting. The vesting of Restricted Common Stock Awards is subject to acceleration in the case of death, disability and involuntary termination not for cause or change of control of the Company.

To provide long-term incentives for executive officers and to retain qualified officers, the Company has created these performance and tenure-based stock option and Restricted Common Stock award programs pursuant to the authority set forth in the Stock Option and Award Plan. The Company recognizes that the interests of stockholders are best served by giving key employees the opportunity to participate in the appreciation of the Company s Common Stock.

In accordance with the Stock Option and Award Plan, stock options are awarded at the NYSE s closing price of the Company s Common Stock on the date of grant. The Company has never granted options with an exercise price that is less than the closing price of the Company s Common Stock on the grant date, nor have options been granted on a date other than the grant date.

On December 28, 2006, the Compensation Committee approved the issuance of 140,000 shares of Restricted Common Stock to the executive officers (the 2006 Award Program). The 2006 Award Program was created pursuant to the authority set forth in the Stock Option and Award Plan. On December 28, 2006, the named executive officers were granted shares of Restricted Common Stock with a grant date fair value of $54.92 in accordance with the 2006 Award Program as follows: Mr. Heneghan was granted 40,000 shares; Mr. Maynard was granted 30,000 shares; Mr. Berman was granted 25,000 shares; Ms. Kelleher was granted 25,000 shares; and Ms. Nader was granted 20,000 shares. Such shares were subject to a three-year vesting schedule, with one-third vesting on December 31, 2007, one-third vesting on December 31, 2008 and one-third vesting on December 31, 2009.

On January 18, 2010, the Compensation Committee approved the issuance of 74,665 shares of Restricted Common Stock to the executive officers (the 2010 Award Program). The 2010 Award Program was created pursuant to the authority set forth in the Stock Option and Award Plan. On February 1, 2010, the named executive officers were granted shares of Restricted Common Stock with a grant date fair value of $49.26 in accordance with the 2010 Award Program as follows: Mr. Heneghan was granted 16,333 shares; Mr. McAdams was granted 13,000 shares; Mr. Berman was granted 11,333 shares; Ms. Kelleher was granted 11,333 shares; Mr. Maynard was granted 11,333 shares; and Ms. Nader was granted 11,333 shares. Such shares vested on December 31, 2010.

On each of May 8, 2008, May 12, 2009 and May 11, 2010, Mr. Heneghan received a grant of options to purchase 10,000 shares of Common Stock, which he could elect to receive as 2,000 shares of Restricted Common Stock, for his

service as a director during such years. Mr. Heneghan elected to receive his 2008, 2009 and 2010 awards as 2,000 shares of Restricted Common Stock, respectively. These options and shares of Restricted Common Stock were awarded in accordance with the Company s Stock Option and Award Plan, which provides that each Board member shall receive such annual award on the date of the first Board meeting following the Company s Annual Meeting. On such date, each director then in office will receive at the director s election

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either an annual grant of options to purchase 10,000 shares of Common Stock at the then-current market price or an annual grant of 2,000 shares of Restricted Common Stock. Each of these awards is subject to a vesting schedule, with one-third vesting on the date six months after the grant date; one-third vesting on the first anniversary of the grant date; and the remainder vesting on the second anniversary of the grant date.

On January 4, 2008, Mr. McAdams received a grant of 30,000 shares of the Company s restricted common stock in accordance with the terms of his employment agreement. Such shares were subject to a two-year vesting schedule, with one-third vested on each of January 4, 2008, January 1, 2009, and January 1, 2010.

The following table shows the breakdown of total compensation expense by executive officer as shown in the Summary Compensation Table of this Proxy Statement; however, the following table has been adjusted to reflect the dollar amount of compensation expense recognized for financial statement reporting purposes for the years ended December 31, 2010, 2009 and 2008, in accordance with FASB ASC 718, related to restricted stock awards issued in 2006 through 2010, as described above. In addition, the table shows compensation expense accrued during 2008 and 2009 related to the Company s 2007 Long Term Incentive Plan (LTIP). The purpose of this table is to show compensation expense amounts related to these restricted stock awards and the LTIP award on a comparative basis.

Summary Compensation Table, As Adjusted

Name and Principal Position	Year	Salary ($)	Stock Awards, as adjusted ($)(1)	Non-Equity Incentive Plan Compensation STIP ($)(2)	Non-Equity Incentive Plan Compensation LTIP ($)(3)	All Other Compensation ($)	Total ($)
Thomas Heneghan	2010	382,454	898,228	674,098		10,400	1,965,180
President, Chief							
Executive	2009	382,454	809,147	573,681		10,400	1,775,682
Officer & Director	2008	382,454	775,227	611,926		9,800	1,779,407
Joe McAdams	2010	300,000	640,380	881,280		9,800	1,831,460
Former President	2009	300,000	426,000	693,000		9,800	1,428,800
	2008	300,000	852,000	720,000		9,200	1,881,200
Michael Berman	2010	311,428	558,264	457,140		10,400	1,337,232
Executive Vice							
President &	2009	311,428	457,667	350,357	41,667	10,400	1,171,519
Chief Financial Officer	2008	311,428	457,667	378,870	41,666	9,800	1,199,431
Ellen Kelleher	2010	311,428	558,264	457,425		10,400	1,337,517
Executive Vice							
President -	2009	311,428	457,667	364,371	41,667	10,400	1,185,533
Property Management	2008	311,428	457,667	380,814	41,666	9,800	1,201,375
Roger Maynard	2010	311,428	558,264	455,496		9,800	1,334,988
Executive Vice							
President -	2009	311,428	549,200	353,860	41,667	9,800	1,265,955
Asset Management	2008	311,428	549,200	378,969	41,666	9,200	1,290,463
Marguerite Nader	2010	311,428	558,264	456,830		9,800	1,336,322
Executive Vice							
President -	2009	311,428	366,133	370,210	41,667	9,800	1,099,238
	2008	257,500	366,133	323,484	41,666	9,200	997,983

New Business Development Total Compensation	2010	1,928,166	3,771,664	3,382,269		60,600	9,142,699
	2009	1,928,166	3,065,814	2,705,479	166,668	60,600	7,926,727
	2008	1,874,238	3,457,894	2,794,063	166,664	57,000	8,349,859

(1) This column reflects the dollar amount of compensation expense recognized for financial statement reporting purposes for the years ended December 31, 2010, 2009 and 2008, in accordance with FASB ASC 718, related to restricted stock awards issued in 2006 through 2010. This is provided to show year-over-year compensation expense comparison, which differs from the Summary Compensation Table shown in this Proxy Statement, which table reflects the value of the restricted stock awards in the year of grant.

(2) This column reflects the executive officers annual bonus award.

(3) This column reflects compensation expense accrued in accordance with FASB ASC 718, related to the award granted on May 15, 2007 under the Company s LTIP. In January 2010, the Compensation Committee approved payments of $125,000 to each of each of Mr. Berman, Ms. Kelleher, Mr. Maynard and Ms. Nader in accordance with the terms of the LTIP. The approved payments were based upon the Compensation Committee s evaluation of whether certain performance conditions as outlined in the LTIP were met and was at the Compensation Committee s full discretion. The LTIP agreement was filed as an exhibit to the Company s Form 8-K filed on May, 15, 2007. Amounts related to the LTIP award are shown in the Summary Compensation Table in 2007, the year of grant, and therefore are not included in the Summary Compensation Table in this Proxy Statement.

CEO Compensation. Mr. Heneghan s 2010 compensation consisted of a base salary of $382,454 and an annual non-equity incentive compensation (bonus) award of $674,098. During the year ended December 31, 2010, Mr. Heneghan acquired 18,333 shares of Restricted Common Stock upon vesting with a value of $1,027,341. Mr. Heneghan was not a participant in the LTIP. On an annual basis, Mr. Heneghan receives an option to purchase 10,000 shares of Common Stock, which he can elect to receive as 2,000 shares of Restricted Stock, for his service as a director. We established Mr. Heneghan s compensation based on the principles previously discussed in this CD&A.

Accounting and Tax Considerations. The Company accounts for its stock options and stock awards in accordance with FASB ASC 718.

The Company may or may not structure compensation arrangements to satisfy the requirements for performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended.

Severance Benefits. None of our named executive officers, with the exception of Mr. McAdams, have any arrangements that provide for payment of severance benefits. Mr. McAdams employment agreement included a severance plan, which allowed for payment of two times his base salary for the termination year, a pro-rata share of his potential bonus for the termination year and a continuation of all health insurance benefits for a period of up to 24 months following termination. Mr. McAdams employment agreement expired on December 31, 2010 and was not renewed. Mr. McAdams did not receive any severance payments under his employment agreement.

Non-Qualified Deferred Compensation. We do not provide any non-qualified defined contribution or other deferred compensation plans.

Post-Employment Compensation. With the exception of Mr. McAdams, all of our employees, including our named executive officers, are employees-at-will and as such do not have employment contracts with us. We also do not provide post-employment health coverage or other benefits. Mr. McAdams was an employee-at-will, however, his employment was subject to an employment agreement, which provided for an initial term of three years and terminated on December 31, 2010. The economic consequences of such termination are described in the Severance Benefits of this CD&A above. Mr. McAdams is also subject to a non-compete clause and shall have no authority, on behalf of the Company and its affiliates, to enter into any agreement with any entity controlling, controlled by or affiliated with Privileged Access, LP.

Change in Control. None of our named executive officers is entitled to payment of any benefits upon a change in control of the Company. The vesting of Restricted Common Stock Awards is subject to acceleration in the case of death, disability and involuntary termination not for cause or change of control of the Company. As of December 31, 2010, there were no unexercised non-vested restricted stock awards for any of the named executive officers, except as follows:

Name	Number of Shares of Restricted Stock That Have Not Vested as of December 31, 2010 (#)	Market Value of Shares of Restricted Stock That Have Not Vested as of December 31, 2010 ($)
Thomas Heneghan	2,001	$ 111,916

Perquisites and Other Benefits. Our executives are entitled to few benefits that are not otherwise available to all of our employees. The perquisites we provided for the year ended December 31, 2010 are as

follows. All employees who participated in our 401(k) plan received a matching contribution equal to 100% of the first 3%, and 50% of next 2%, of the participant s compensation that has been contributed to the plan, up to a maximum matching contribution of $9,800. Additionally, a discretionary profit sharing component of the 401(k) plan provides for a contribution to be made annually for each participant in an amount, if any, as determined by the Company. Mr. Heneghan, Ms. Kelleher and Mr. Berman each have a health club membership of which the Company pays $600 of the annual membership fee. The Company has provided each of the executive officers with an indemnification agreement, however, the Company has paid no amounts under such agreements.

The Company has a non-qualified Employee Stock Purchase Plan (ESPP) in which certain employees and the directors may participate. Participants may acquire up to $250,000 of Common Stock annually thru the ESPP at a 15% discount. Mr. McAdams, Mr. Berman and Mr. Maynard are participants in the ESPP. Discounts on such stock purchases are not considered a perquisite and are not included in the Summary Compensation Table as such discount is available to all salaried employees who elect to participate in the ESPP.

2011 Changes to Executive Compensation.

On January 20, 2011, the Company announced that effective February 1, 2011, Mr. McAdams would become president of a subsidiary of the Company involved in ancillary activities and relinquish his role as President of the Company. Mr. Heneghan re-assumed the role of President of the Company, in addition to his role as Chief Executive Officer. As a result, Mr. McAdams is no longer a named executive officer as of February 1, 2011. In addition, Mr. Seth Rosenberg was promoted to Senior Vice President Sales and Marketing and became a named executive officer effective February 1, 2011.

On January 20, 2011, the Compensation Committee approved the issuance of 68,665 shares of Restricted Common Stock to the executive officers (the 2011 Award Program). The 2011 Award Program was created pursuant to the authority set forth in the Stock Option and Award Plan. On February 1, 2011, the 2010 named executive officers were granted shares of Restricted Common Stock with a grant date fair value of $57.40 in accordance with the 2011 Award Program as follows: Mr. Heneghan was granted 16,333 shares; Mr. Berman was granted 11,333 shares; Ms. Kelleher was granted 11,333 shares; Mr. Maynard was granted 11,333 shares; and Ms. Nader was granted 11,333 shares. In addition, Mr. Seth Rosenberg, Senior Vice President Sales & Marketing was granted 7,000 shares. Such shares will fully vest on December 31, 2011.

On March 7, 2011, we approved the 2011 Executive Bonus Plan. Information regarding the 2011 Executive Bonus Plan was filed on Form 8-K with the Securities Exchange Commission (SEC) on March 10, 2011.

COMPENSATION COMMITTEE REPORT

We have reviewed and discussed the foregoing Compensation Discussion and Analysis with management. Based on our review and discussion with management, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement on Schedule 14-A and in the Company s Annual Report on Form 10-K for the year ended December 31, 2010.

Respectfully submitted,

Sheli Rosenberg, Chair
David Contis
Gary Waterman

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SUMMARY COMPENSATION TABLE

The following table includes information concerning compensation paid to or earned for the year ended December 31, 2010 by the Company s Chief Executive Officer, Chief Financial Officer and those persons who were, at December 31, 2010, the next four most highly compensated executive officers of the Company. The Company has not entered into any employment agreements with any of the named executive officers, except for Mr. McAdams. When setting total compensation for each of the executive officers, the Compensation Committee reviews all components of compensation, including equity and non-equity based compensation.

The executive officers were not entitled to receive payments, which are characterized as Bonus payments for the years ended December 31, 2010, 2009 and 2008. In February 2009, January 2010 and January 2011, the Compensation Committee approved the final bonus payment for each executive officer, with such payments being based on pre-established performance targets. Such performance-based bonuses are characterized as Non-Equity Incentive Plan Compensation in the table. Total compensation amounts include the fair value of the stock awards and option awards granted to the executive officers, with such grants being shown in the table in the year of grant.

For the years ended December 31, 2010, 2009 and 2008, Salary accounted for approximately 21%, 40% and 31%, respectively, of total compensation; Stock Awards and Option Awards accounted for approximately 41%, 2% and 23%, respectively, of total compensation; and Non-Equity Incentive Plan Compensation accounted for approximately 37%, 57% and 46%, respectively, of total compensation.

						Non-Equity Incentive Plan Compensation			
Name and Principal Position(1)	**Year**	**Salary ($)**	**Bonus ($)(2)**	**Stock Awards ($)(3)**	**Option Awards ($)(4)**	**STIP ($)(5)**	**LTIP ($)(6)**	**All Other Compensation ($)(7)**	**Total ($)**
Thomas Heneghan	2010	382,454		914,824		674,098		10,400	1,981,776
Chief Executive									
Officer	2009	382,454		76,320		573,681		10,400	1,042,855
& Director	2008	382,454		96,660		611,926		9,800	1,100,840
Joe McAdams(8)	2010	300,000		640,380		881,280		9,800	1,831,460
President	2009	300,000				693,000		9,800	1,002,800
	2008	300,000		1,278,000		720,000		9,200	2,307,200
Michael Berman	2010	311,428		558,264		457,140		10,400	1,337,232
Executive Vice									
President &	2009	311,428				350,357		10,400	672,185
Chief Financial Officer	2008	311,428				378,870		9,800	700,098
Ellen Kelleher	2010	311,428		558,264		457,425		10,400	1,337,517
Executive Vice									
President -	2009	311,428				364,371		10,400	686,199
Property Management	2008	311,428				380,814		9,800	702,042
& Secretary									
Roger Maynard	2010	311,428		558,264		455,496		9,800	1,334,988
Executive Vice									
President -	2009	311,428				353,860		9,800	675,088

Asset Management	2008	311,428		378,969	9,200	699,597
Marguerite Nader	2010	311,428	558,264	456,830	9,800	1,336,322
Executive Vice						
President -	2009	311,428		370,210	9,800	691,438
Sales & Marketing	2008	257,500		323,484	9,200	590,184

(1) Each of the named executive officers is also a member of the Company s Management Committee.

(2) Bonus payments were based on certain performance criteria being met and are included under the Non-Equity Incentive Plan Compensation column of this table.

(3) These amounts reflect the grant-date fair value of restricted stock awards issued pursuant to the Company s Stock Option and Award Plan, calculated in accordance with FASB ASC 718 based on the Company s closing stock price on the grant date.

On each of May 11, 2010, May 12, 2009 and May 8, 2008, Mr. Heneghan received a grant of options to purchase 10,000 shares of Common Stock for his service as a director during such year, which he elected to receive as 2,000 shares of Restricted Common Stock. Each of these awards is subject to a vesting schedule,

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with one-third vesting on the date six months after the grant date; one-third vesting on the first anniversary of the grant date; and the remainder vesting on the second anniversary of the grant date.

On January 4, 2008, Mr. McAdams received a grant of 30,000 shares of restricted Common Stock in accordance with his employment agreement. Such award is subject to a vesting schedule, with one-third vesting immediately on January 4, 2008, one-third vesting on January 1, 2009, and one-third vesting on January 1, 2010.

On January 18, 2010, the Compensation Committee approved the issuance of 74,665 shares of Restricted Common Stock to the executive officers (the 2010 Award Program). The 2010 Award Program was created pursuant to the authority set forth in the Stock Option and Award Plan. On February 1, 2010, the named executive officers were granted shares of Restricted Common Stock with a grant date fair value of $49.26 in accordance with the 2010 Award Program as follows: Mr. Heneghan was granted 16,333 shares; Mr. McAdams was granted 13,000 shares; Mr. Berman was granted 11,333 shares; Ms. Kelleher was granted 11,333 shares; Mr. Maynard was granted 11,333 shares; and Ms. Nader was granted 11,333 shares. Such shares vested on December 31, 2010.

All holders of Restricted Common Stock receive any dividends paid on such shares.

(4) These amounts reflect the grant-date fair value of stock option awards issued pursuant to the Company s Stock Option and Award Plan, calculated in accordance with FASB ASC 718. There were no stock option awards issued during 2008, 2009 and 2010.

(5) The executive officers annual bonus is based on pre-established performance targets as communicated to the executives at the beginning of the year, and therefore, such bonus amounts are classified as non-equity incentive plan compensation in this table.

In March 2010, February 2009, and February 2008, the Compensation Committee approved the 2010, 2009 and 2008 bonus potential and performance targets, respectively. In January 2011, January 2010, and February 2009, after assessment of the achievement of such performance targets, the Compensation Committee approved and the executives received their annual non-equity incentive awards for each of the years ended December 31, 2010, 2009, and 2008, respectively. A portion of the 2008 bonus potential was paid in March 2008 and July 2008, after finalization of the first quarter 2008 and second quarter 2008 earnings, respectively. See the CD&A section of this Proxy Statement for further discussion of the 2010 performance targets.

On March 7, 2011, the Compensation Committee approved the 2011 Executive Bonus Plan. Information regarding the 2011 Executive Bonus Plan was filed on Form 8-K with the SEC on March 10, 2011.

(6) There were no long-term non-equity incentive plan compensation awards granted in 2008, 2009 and 2010.

(7) Includes employer-matching contributions pursuant to the Equity LifeStyle Properties, Inc. Retirement Savings Plan of $9,800 for the year ending December 31, 2010 and 2009 and $9,200 for the year ending December 31, 2008, respectively. In addition, the Company paid a $600 annual health club membership fee for Mr. Heneghan, Mr. Berman and Ms. Kelleher.

(8) On January 4, 2008, the Company entered into an employment agreement effective as of January 1, 2008 (the Agreement) with Mr. McAdams appointing him as President of the Company. The Agreement provided for an initial term of three years. The Agreement provided for a minimum annual base salary of $300,000. Mr. McAdams was also eligible to receive an annual non-equity incentive compensation payment (bonus) in an amount up to three times his base salary. Such Bonus payment was based on certain performance benchmarks

established by the Company s Compensation Committee at the beginning of each year. Mr. McAdams employment agreement terminated on December 31, 2010 and was not renewed.

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GRANTS OF PLAN-BASED AWARDS

The following table sets forth certain information with respect to options and Restricted Common Stock granted to our named executive officers for the year ended December 31, 2010.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards; Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards
Name	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**(#)(2)**	**(#)**	**($/sh)**	**($)(3)**
Thomas Heneghan	5/11/10				2,000			110,260
	3/15/10(1)		382,454	764,908				
	2/1/10				16,333			804,564
Joe McAdams	3/15/10(1)		450,000	900,000				
	2/1/10				13,000			640,380
Michael Berman	3/15/10(1)		233,571	467,142				
	2/1/10				11,333			558,264
Ellen Kelleher	3/15/10(1)		233,571	467,142				
	2/1/10				11,333			558,264
Roger Maynard	3/15/10(1)		233,571	467,142				
	2/1/10				11,333			558,264
Marguerite Nader	3/15/10(1)		233,571	467,142				
	2/1/10				11,333			558,264

(1) Payment of the 2010 award was based on the following performance targets being achieved: 10% related to achieving a benchmark in core MH revenues; 10% related to RV revenues; 10% related to achieving a benchmark in Thousand Trails controllable expenses; 10% related to achieving a benchmark in core net operating income; 10% related to achieving a benchmark related to Thousand Trails membership products; and 50% was at the discretion of the Compensation Committee after evaluation of each executive officer s performance, including an analysis of successes and challenges during the year. The 2010 target amounts reflect the non-discretionary portion of the annual award. Payment of the 2010 award was made in January 2011.

(2) These amounts reflect the number of shares of Restricted Common Stock granted to each named executive officer pursuant to the Stock Option and Award Plan. Mr. Heneghan s award granted on May 11, 2010 was for his services as a Director of the Company.

(3) This amount reflects the grant-date fair value of restricted stock awards issued pursuant to the Company s Stock Option and Award Plan, calculated in accordance with FASB ASC 718 based on the Company s closing stock price on the grant date.

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OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

The following table includes certain information with respect to the value of all unexercised stock options and non-vested restricted stock awards previously awarded to the named executive officers as of December 31, 2010.

	Option Awards(1)				Stock Awards(2)	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)
Thomas Heneghan					2,001	111,916
	10,000		$ 53.30	05/15/2017		
	10,000		$ 43.56	05/03/2016		
	10,000		$ 37.35	05/10/2015		

(1) Each of Mr. Heneghan s option awards is subject to a vesting schedule, with one-third vesting on the date six months after the grant date; one-third vesting on the first anniversary of the grant date; and the remainder vesting on the second anniversary of the grant date.

(2) Mr. Heneghan was issued 2,000 shares of Restricted Common Stock on each of May 12, 2009 and May 11, 2010, which are subject to a vesting schedule, with one-third vesting on the date six months after the grant date; one-third vesting on the first anniversary of the grant date; and the remainder vesting on the second anniversary of the grant date. Upon vesting of these stock awards, the Company may buy back a portion of the stock to provide the executive officer with the ability to receive the vested stock net of applicable tax effects. The market value of Stock Awards that had not vested as of December 31, 2010 was based on a closing price of the Company s Common Stock on December 31, 2010 of $55.93.

OPTION EXERCISES AND STOCK VESTED

The following table includes certain information with respect to the option exercises and stock vested for each of the executive officers for the year ended December 31, 2010.

Option Awards		Stock Awards	
Number of Shares Acquired on	Value	Number of Shares Acquired on	Value Realized on

Name	Exercise(#)	Realized on Exercise ($)	Vesting (#)(1)	Vesting ($)
Thomas Heneghan			18,333	1,027,341
Joe McAdams			23,000	1,234,910
Michael Berman			11,333	636,575
Ellen Kelleher			11,333	636,575
Roger Maynard			11,333	636,575
Marguerite Nader			11,333	636,575

(1) Upon vesting of these stock awards, the Company bought back 8,517, 6,216, 5,038, 3,338, 4,131, and 5,605 shares from Mr. Heneghan, Mr. McAdams, Mr. Berman, Ms. Kelleher, Mr. Maynard, and Ms. Nader, respectively, to allow the executives to receive the vested stock net of applicable tax effects.

NARRATIVE DISCLOSURE OF OUR COMPENSATION POLICIES AND PRACTICES AS THEY RELATE TO RISK MANAGEMENT

The Compensation Committee has reviewed the Company s compensation policies and practices and believes it has taken reasonable and appropriate actions to mitigate the risk that the Company s compensation policies and practices would lead to conduct that would have an unintended material adverse effect on the Company. The assessment included a review of the components of the executive officer s compensation. For the base salary component, we believe the following mitigates the incentive for risky behavior: (i) base salary is a relatively small portion of total compensation for the executive officers, and (ii) the executive officers and employees have signed the Company s Employee Handbook and Business and Ethics Policy agreeing to maintain the highest standards of personal and professional integrity at all times and to comply with the Company s policies and procedures. For the non-equity incentive (bonus) component, we believe the following mitigates the incentive for risky behavior: (i) the bonus targets are tied to near-term operational targets which lead to long-term growth of the Company and increased stockholder value and are not generally susceptible to accounting risk; and (ii) a portion of the bonus is payable at the discretion of the Compensation Committee. For the equity-based incentive component, we believe the following mitigates the incentive for risky behavior: (i) the Board has previously established share ownership guidelines for the executive officers to align their interests with those of the stockholders; (ii) the grants and terms of restricted stock are established by the Committee; and (iii) the Committee granted restricted stock rather than options to avoid the risky behavior associated with trying to maximize stock price. In addition, there are no formulistic compensation arrangements that could create unintended compensation and the Compensation Committee has the ability to exercise discretion over all pay; the CEO meets periodically with the Compensation Committee and quarterly with the Compensation Committee, Executive Committee and Audit Committee chairpersons; the Company s Internal Audit department performs property and other corporate audits to ensure compliance with policies and procedures; the Company maintains a whistleblower hotline; and quarterly disclosure meetings are held with the executive officers and senior management for the purpose of allowing full disclosure of the information that may impact the financial statements and related disclosures.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Compensation Committee members for the year ended December 31, 2010 were Ms. Rosenberg, Mr. Waterman and Mr. Contis. For a description of certain transactions with Board members or their affiliates, see Certain Relationships and Related Transactions.

PROPOSAL 3 NON-BINDING ADVISORY VOTE ON EXECUTIVE COMPENSATION

Section 14A of the Exchange Act requires the Company to allow stockholders an opportunity to cast a non-binding advisory vote on executive compensation as disclosed in this Proxy Statement. The following proposal, commonly known as a Say on Pay proposal, gives stockholders the opportunity to approve, reject or abstain from voting with respect to our fiscal 2010 executive compensation programs and policies and the compensation paid to the named executive officers.

RESOLVED, that the compensation paid to our named executive officers, as disclosed pursuant to the SEC s rules and regulations, including the Compensation Discussion and Analysis, the compensation tables and narrative discussion is, hereby approved on an advisory basis.

As discussed in the Compensation Discussion and Analysis section of this Proxy Statement, the primary objectives of our executive compensation program are to attract and retain qualified executive officers who are accountable for the performance of the Company and to promote an ownership mentality among our executive officers. The compensation of our executive officers reflects the success of our management team in attaining certain operational goals which leads to the success of the Company and serves the best interests of our stockholders.

This proposal allows our stockholders to express their opinions regarding the decisions of the Compensation Committee on the prior year s annual compensation to the named executive officers. Your non-binding advisory vote will serve as an additional tool to guide the Board of Directors and the Compensation Committee in continuing to improve the alignment of the Company s executive compensation programs with the interests of the Company and its stockholders, and is consistent with our commitment to high standards of corporate governance.

Vote Required

Advisory approval of this Say on Pay Proposal requires the affirmative vote of holders of a majority of the votes cast. Because the vote on this proposal is non-binding and advisory in nature, it will not affect any compensation already paid or awarded to any named executive officer and will not be binding on or overrule any decisions by the Board of Directors; it will not create or imply any additional fiduciary duty on the part of the Board of Directors, and it will not restrict or limit the ability of stockholders to make proposals for inclusion in proxy materials related to executive compensation. To the extent there is any significant vote against our named executive officer compensation as disclosed in this proxy statement, the Compensation Committee will evaluate whether any actions are necessary to address the concerns of stockholders. The vote on this resolution is not intended to address any specific element of compensation; rather, the vote relates to the compensation of our named executive officers, as described in this proxy statement in accordance with the compensation disclosure rules of the SEC.

Board of Directors Recommendation

The Board unanimously recommends a vote **For** the executive compensation of our named executive officers as disclosed in this Proxy Statement.

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PROPOSAL 4 NON-BINDING ADVISORY VOTE ON THE FREQUENCY OF STOCKHOLDER VOTES ON EXECUTIVE COMPENSATION

Section 14A of the Exchange Act requires us to submit a non-binding, advisory resolution to stockholders at least once every six years to determine whether advisory votes on executive compensation should be held every one, two or three years. In satisfaction of this requirement, stockholders are being asked to vote on the following resolution:

Resolved, that the stockholders of the Company advise that an advisory resolution with respect to executive compensation should be presented every one, two or three years as reflected by their votes for each of these alternatives in connection with this resolution.

In voting on this resolution, you should mark your proxy for one, two or three years based on your preference as to the frequency with which an advisory vote on executive compensation should be held. If you have no preference you should abstain from voting.

The optimal frequency of vote necessarily turns on a judgment about the relative benefits and burdens of each of the options. There have been diverging views expressed on this question and the Board believes there is a reasonable basis for each of the options. The Board believes that an annual vote is needed to give stockholders the opportunity to react promptly to emerging trends in compensation, provide feedback before those trends become pronounced over time, and give the Board and the Compensation Committee the opportunity to evaluate individual compensation decisions each year in light of the ongoing feedback from stockholders. For that reason, the Board of Directors recommends a vote for the holding of advisory votes on executive compensation every year.

Vote Required

The one-year, two-year or three-year frequency receiving the affirmative vote of holders of a majority of the votes cast will be the frequency approved. In the event that no option receives a majority of the votes cast, we will consider the option that receives the most votes to be the option selected by stockholders. Because the vote on this proposal is advisory in nature, it will not be binding on or overrule any decisions by the Board of Directors, will not create or imply any additional fiduciary duty on the part of the Board of Directors, and will not restrict or limit the ability of stockholders to make proposals for inclusion in proxy materials related to executive compensation. The Compensation Committee will take into account the outcome of the vote when considering the frequency of future advisory votes on executive compensation.

Board of Directors Recommendation

The Board unanimously recommends that you vote to conduct an advisory vote on executive compensation each year at the Annual Meeting of Stockholders beginning with the 2011 Annual Meeting.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

This table sets forth information with respect to persons who are known to own more than 5% of the outstanding shares of Common Stock as of March 4, 2011.

Name and Business Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percentage of Class
Samuel Zell and entities affiliated with Samuel Zell(2) Two North Riverside Plaza Chicago, Illinois 60606	3,476,675	11.1%
The Vanguard Group, Inc.(3) 100 Vanguard Blvd. Malvern, Pennsylvania 19355	3,095,757	9.9%
Cohen & Steers, Inc.(4) 280 Park Avenue New York, New York 10017	2,798,594	9.0%
Morgan Stanley(5) 1585 Broadway New York, New York 10036	2,148,639	6.9%
BlackRock Inc.(6) 40 East 52nd Street New York, New York 10022	2,073,178	6.6%

(1) MHC Operating Limited Partnership (the Operating Partnership) is the entity through which the Company conducts substantially all of its operations. Certain limited partners of the Operating Partnership own units of limited partnership interest (OP Units) which are convertible into an equivalent number of shares of Common Stock. In accordance with SEC regulations governing the determination of beneficial ownership of securities, the percentage of Common Stock beneficially owned by a person assumes that all OP Units held by the person are exchanged for Common Stock, that none of the OP Units held by other persons are so exchanged, that all options exercisable within 60 days of the Record Date to acquire Common Stock held by the person are exercised and that no options to acquire Common Stock held by other persons are exercised.

(2) Includes Common Stock, OP Units which are exchangeable for Common Stock, and options to purchase Common Stock which are currently exercisable or exercisable within 60 days of the Record Date owned as follows. A portion of these amounts have been pledged as security for certain loans.

	Common Stock	OP Units	Options
Samuel Zell	681,091		636,666
Samuel Zell Revocable Trust	10,551		

Helen Zell Revocable Trust	2,000		
SZJT Holdings, L.L.C.		98,271	
SZKT Holdings, L.L.C.		98,271	
SZMT Holdings, L.L.C.		98,274	
Samstock, L.L.C.	446,000		
Samstock/SZRT, L.L.C.	294,133	13,641	
Samstock/ZGPI, L.L.C.	6,003		
Samstock/ZFT, L.L.C.	8,887		
Samstock/Alpha, L.L.C.	8,887		
ZFTGT Holdings, L.L.C.		32,140	
ZFTJT Holdings, L.L.C.		149,985	
ZFTKT Holdings, L.L.C.		149,985	
ZFTMT Holdings, L.L.C.		149,984	
Zell General Partnership, Inc.		12,033	
EGI Holdings, Inc.		579,873	
TOTALS:	1,457,552	1,382,457	636,666

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Mr. Zell does not have a pecuniary interest in the 2,000 shares of Common Stock shown above held by the Helen Zell Revocable Trust, the trustee of which is Helen Zell, Mr. Zell s spouse.

The number in the table includes 469,777 shares of Common Stock and 1,368,816 OP Units in which Mr. Zell has a pecuniary interest, but with respect to which he does not have voting or dispositive power. These shares of Common Stock and OP Units are indirectly owned by trusts established for the benefit of Mr. Zell and his family, the trustee of which is Chai Trust Company, LLC. (Chai Trust). Mr. Zell is not an officer or director of Chai Trust and does not have voting or dispositive power with respect to such Common Stock or OP Units. Mr. Zell disclaims beneficial ownership of such 469,777 shares of Common Stock and 1,368,816 OP Units, except to the extent of his pecuniary interest therein.

(3) Pursuant to a Schedule 13G filed with the SEC for calendar year 2010, The Vanguard Group, Inc. is the beneficial owner of 3,095,757 shares of Common Stock and has sole voting power over 39,657 shares of Common Stock and sole dispositive power over 3,056,100 shares of Common Stock.

(4) Pursuant to a Schedule 13G filed with the SEC for calendar year 2010, Cohen & Steers, Inc. is the beneficial owner of 2,798,594 shares of Common Stock and has sole voting power over 2,570,461 shares of Common Stock and sole dispositive power over 2,798,594 shares of Common Stock.

(5) Pursuant to a Schedule 13G filed with the SEC for calendar year 2010, Morgan Stanley and its wholly-owned subsidiary, Morgan Stanley Investment Management Inc. (MSIM), are the beneficial owners of 2,148,639 shares of Common Stock, including shares owned through accounts managed by them on a discretionary basis. MSIM has sole voting power over 1,638,795 shares of Common Stock, and sole dispositive power over 2,135,998 shares of Common Stock. Morgan Stanley has sole voting power over 1,651,436 shares of Common Stock, and sole dispositive power over 2,148,639 shares of Common Stock.

(6) Pursuant to a Schedule 13G filed with the SEC for calendar year 2010, BlackRock Inc. is the beneficial owner of and has sole voting power and sole dispositive power over 2,073,178 shares of Common Stock.

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SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth, as of March 4, 2011, certain information with respect to the Common Stock and Preferred Stock that may be deemed to be beneficially owned by each director of the Company, by the executive officers named in the Summary Compensation Table and by all such directors and executive officers as a group. The address for each of the directors and executive officers is c/o Equity LifeStyle Properties, Inc., Two North Riverside Plaza, Suite 800, Chicago, Illinois 60606. Unless otherwise indicated, each person has sole investment and voting power, or shares such power with his or her spouse, with respect to the Common Stock shares set forth in the following table. Shares of Preferred Stock do not have voting rights.

Name of Beneficial Holder	Shares of Common Stock(1)	Common Stock Shares Upon Exercise of Options(2)	Total Shares of Common Stock	Percentage of Common Stock Class(3)	Shares of Preferred Stock	Percentage of Preferred Stock Class
Michael Berman	43,526		43,526	*	20,000	*
Philip Calian(4)	30,000		30,000	*	5,000	*
David Contis	5,068	2,800	7,868	*		*
Thomas Dobrowski	16,021		16,021	*	3,000	*
Thomas Heneghan(5)	155,075	30,000	185,075	*	40,000	*
Ellen Kelleher	159,930		159,930	*	40,000	*
Roger Maynard	57,941		57,941	*	8,000	*
Joe McAdams(6)	37,362	20,000	57,362	*	44,000	*
Marguerite Nader	24,168		24,168	*	16,000	*
Sheli Rosenberg(7)	243,800	25,000	268,800	*	28,000	*
Howard Walker	38,002	50,000	88,002	*	4,000	*
Gary Waterman	112,265		112,265	*	40,000	*
Samuel Zell(8)	2,840,009	636,666	3,476,675	11.1%	196,000	2.4%
Directors and Executive Officers as a group (13 persons)	3,763,167	764,466	4,527,633	14.5%	444,000	5.5%

* Less than 1%

(1) The shares of Common Stock beneficially owned includes OP Units that can be exchanged for an equivalent number of shares of Common Stock.

(2) The amounts shown in this column reflect shares of Common Stock subject to options, which are currently exercisable or exercisable within 60 days of the Record Date.

(3)

In accordance with SEC regulations governing the determination of beneficial ownership of securities, the percentage of Common Stock beneficially owned by a person assumes that all OP Units held by the person are exchanged for Common Stock, that none of the OP Units held by other persons are so exchanged, that all options exercisable within 60 days of the Record Date to acquire Common Stock held by the person are exercised and that no options to acquire Common Stock held by other persons are exercised.

(4) A portion of these shares of Common Stock and Preferred Stock may be placed on margin.

(5) Includes 45,035 shares of Common Stock beneficially owned by Mr. Heneghan s spouse, as to which Mr. Heneghan disclaims beneficial ownership. A portion of these shares of Preferred Stock may be placed on margin.

(6) A portion of these shares of Preferred Stock may be placed on margin.

(7) Includes 11,530 OP Units beneficially owned by Ms. Rosenberg, which are exchangeable into 11,530 shares of Common Stock. Also includes approximately 75,564 shares of Common Stock beneficially owned by Ms. Rosenberg s spouse, as to which Ms. Rosenberg disclaims beneficial ownership.

(8) Mr. Zell does not have a pecuniary interest in 2,000 shares of Common Stock reported above held by the Helen Zell Revocable Trust, the trustee of which is Helen Zell, Mr. Zell s spouse.

The number in the table includes 469,777 shares of Common Stock and 1,368,816 OP Units in which Mr. Zell has a pecuniary interest but with respect to which he does not have voting or dispositive power. These shares of Common Stock and OP Units are indirectly owned by trusts established for the benefit of Mr. Zell and his family, the trustee of which is Chai Trust. Mr. Zell is not an officer or director of Chai Trust and does not have voting or dispositive power with respect to such Common Stock or OP Units. Mr. Zell disclaims beneficial ownership of such 469,777 shares of Common Stock and 1,368,816 OP Units, except to the extent of his pecuniary interest therein.

A portion of these amounts have been pledged as security for certain loans.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Audit Committee is responsible for reviewing and approving all material transactions with any related party. Related parties include any of our directors or executive officers and their immediate family members. Our policy regarding related party transactions is outlined in the Company s Business Ethics and Conduct Policy, a copy of which can be found on the Company s website. Our Business Ethics and Conduct Policy requires all directors, officers and employees who may have a potential or apparent conflict of interest to immediately notify the Company s Senior Vice President and General Counsel. Further, to identify related party transactions, we submit and require our directors and executive officers to complete Director and Officer Questionnaires identifying any transactions with us in which the director, executive officer, or their family members have an interest.

Privileged Access

On August 14, 2008, the Company closed on the PA Transaction by acquiring substantially all of the assets and assuming certain liabilities of Privileged Access for an unsecured note payable of $2.0 million which was paid off during the year ended December 31, 2009. Prior to the purchase, Privileged Access had a 12-year lease with the Company for 82 Properties that terminated upon closing. At closing, approximately $4.8 million of Privileged Access cash was deposited into an escrow account for liabilities that Privileged Access has retained. The terms of the PA Transaction provided for a distribution of $0.1 million of excess escrow funds to Privileged Access and the remainder to the Company on the two-year anniversary of the PA Transaction. During the year ended December 31, 2010, the Company received approximately $1.1 million in proceeds from the escrow account. The balance in the escrow account as of December 31, 2010 was approximately $0.2 million.

Mr. McAdams, the Company s President from January 1, 2008 to January 31, 2011, owns 100% of Privileged Access. Effective February 1, 2011, Mr. McAdams became president of a subsidiary of the Company involved in ancillary activities and relinquished his role as President of the Company. The Company entered into an employment agreement effective as of January 1, 2008 (the Employment Agreement) with Mr. McAdams which provided for an initial term of three years and the Employment Agreement expired on December 31, 2010. The Employment Agreement provided for a minimum annual base salary of $0.3 million, with the option to receive an annual bonus in an amount up to three times his base salary. Mr. McAdams is also subject to a non-compete clause and to mitigate potential conflicts of interest shall have no authority, on behalf of the Company and its affiliates, to enter into any agreement with any entity controlling, controlled by or affiliated with Privileged Access. Prior to forming Privileged Access, Mr. McAdams was a member of the Company s Board of Directors from January 2004 to October 2005. Simultaneous with his appointment as president of Equity LifeStyle Properties, Inc., Mr. McAdams resigned as Privileged Access s Chairman, President and CEO. However, he was on the board of PATT Holding Company, LLC (PATT), a subsidiary

of Privileged Access, until the entity was dissolved in 2008.

Mr. Heneghan, the Company s President and CEO, was a member of the board of PATT, pursuant to the Company s rights under its resort Property leases with Privileged Access to represent the Company s interests from April 14, 2006 to August 13, 2008. Mr. Heneghan did not receive compensation in his capacity as a member of such board.

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In connection with the PA Transaction, most of the property employees and certain property management and corporate employees of Privileged Access became employees of the Company. Subsequent to the PA Transaction, the Company reimbursed Privileged Access for services provided in 2008 by Privileged Access employees retained by Privileged Access, which were necessary for the transition of the former Privileged Access operations to the Company.

Privileged Access had the following substantial business relationships with the Company, which were all terminated with the closing of the PA Transaction on August 14, 2008. As of the years ended December 31, 2010 and December 31, 2009, there were no payments owed to the Company or by the Company with respect to the relationships described below. There was no activity recognized on the Company s consolidated statements of operations for the years ended December 31, 2010 and 2009.

Prior to August 14, 2008, the Company was leasing approximately 24,300 sites at 82 resort Properties (which includes 60 Properties operated by a subsidiary of Privileged Access known as the TT Portfolio) to Privileged Access or its subsidiaries. For the year ended December 31, 2008 we recognized $15.8 million in rent from these leasing arrangements. The lease income is included in Income from other investments, net in the Company s Consolidated Statements of Operations. During the year ended December 31, 2008, the Company reimbursed approximately $2.7 million to Privileged Access for capital improvements.

Effective January 1, 2008, the leases for these Properties provided for the following significant terms: a) annual fixed rent of approximately $25.5 million, b) annual rent increases at the higher of Consumer Price Index (CPI) or a renegotiated amount based upon the fair market value of the Properties, c) expiration date of January 15, 2020, and d) two 5-year extension terms at the option of Privileged Access. The January 1, 2008 lease for the TT Portfolio also included provisions where the Company paid Privileged Access $1 million for entering into the amended lease. The $1 million payment was being amortized on a pro-rata basis over the remaining term of the lease as an offset to the annual lease payments and the remaining balance at August 14, 2008 of $0.9 million was expensed and is included in Income from other investments, net during the year ended December 31, 2008.

The Company had subordinated its lease payment for the TT Portfolio to a bank that loaned Privileged Access $5 million. The Company acquired this loan as part of the PA Transaction and paid off the loan during the year ended December 31, 2008.

From June 12, 2006 through July 14, 2008, Privileged Access had leased 130 cottage sites at Tropical Palms, a resort Property located near Orlando, Florida. For the year ended December 31, 2008, we earned approximately $0.8 million in rent from this leasing arrangement. The lease income is included in the Resort base rental income in the Company s Consolidated Statements of Operations. The Tropical Palms lease expired on July 15, 2008, and the entire property was leased to a new independent operator for 12 years.

The Company had an option to purchase the subsidiaries of Privileged Access, including TT, beginning on April 14, 2009, at the then fair market value, subject to the satisfaction of a number of significant contingencies (ELS Option). The ELS Option terminated with the closing of the PA Transaction on August 14, 2008. The Company had consented to a fixed price option where the Chairman of PATT could acquire the subsidiaries of Privileged Access anytime before December 31, 2011. The fixed price option also terminated on August 14, 2008.

Privileged Access and the Company previously agreed to certain arrangements in which we utilized each other s services. Privileged Access assisted the Company with functions such as: call center management, property management, information technology, legal, sales and marketing. During the year ended December 31, 2008,

Company incurred approximately $0.6 million for the use of Privileged Access employees. The Company received approximately $0.1 million from Privileged Access for Privileged Access s use of certain Company information technology resources during the year ended December 31, 2008. The Company and Privileged Access engaged a third party to evaluate the fair market value of such employee services.

In addition to the arrangements described above, the Company had the following smaller arrangements with Privileged Access. In each arrangement, the amount of income or expense, as applicable, recognized by the Company for the year ended December 31, 2010 and 2009 was $0 and was less than $0.2 million for the year ended December 31, 2008. There are no amounts due under these arrangements as of December 31, 2010 or December 31, 2009.

Since November 1, 2006, the Company leased 41 to 44 sites at 22 resort Properties to Privileged Access (the Park Pass Lease). The Park Pass Lease terminated with the closing of the PA Transaction on August 14, 2008.

The Company and Privileged Access entered into a Site Exchange Agreement beginning September 1, 2007 and ending May 31, 2008. Under the Site Exchange Agreement, the Company allowed Privileged Access to use 20 sites at an Arizona resort Property known as Countryside. In return, Privileged Access allowed the Company to use 20 sites at an Arizona resort Property known as Verde Valley Resort (a property in the TT Portfolio).

The Company and Privileged Access entered into a Site Exchange Agreement for a one-year period beginning June 1, 2008 and ending May 31, 2009. Under the Site Exchange Agreement, the Company allowed Privileged Access to use 90 sites at six resort Properties. In return, Privileged Access allowed the Company to use 90 sites at six resort Properties leased to Privileged Access. The Site Exchange Agreement was terminated with the closing of the PA Transaction on August 14, 2008.

The Company previously leased 40 to 160 sites at three resort Properties in Florida to a subsidiary of Privileged Access from October 1, 2007 until August 14, 2008. The sites varied during each month of the lease term due to the seasonality of the resort business in Florida. The lease income is included in the Resort base rental income in the Company s Consolidated Statements of Operations.

On September 15, 2006, the Company and Privileged Access entered into a Park Model Sales Agreement related to a Texas resort Property in the TT Portfolio known as Lake Conroe. Under the Park Model Sales Agreement, Privileged Access was allowed to sell up to 26 park models at Lake Conroe. Privileged Access was obligated to pay the Company 90% of the site rent collected from the park model buyer. All 26 homes have been sold as of December 31, 2007. The Park Model Sales Agreement terminated with the closing of the PA Transaction on August 14, 2008.

The Company advertises in Trailblazer magazine which was published by a subsidiary of Privileged Access prior to August 14, 2008. Trailblazer is an award-winning recreational lifestyle magazine for active campers, which is read by more than 65,000 paid subscribers. Beginning on August 14, 2008, the Company began publishing Trailblazer in accordance with the terms of the PA Transaction.

On July 1, 2008, the Company and Privileged Access entered into an agreement under which Privileged Access sold the Company s used resort cottages at certain Properties leased to Privileged Access. The Company paid Privileged Access a commission for selling the inventory and the agreement was terminated on August 14, 2008.

On April 1, 2008, the Company entered into a lease for a corporate apartment located in Chicago, Illinois for use by Mr. McAdams and other employees of the Company and Privileged Access. The Company paid monthly rent payments, plus utilities and housekeeping expenses and Mr. McAdams reimbursed the Company for a portion of the rent. Prior to August 14, 2008, Privileged Access reimbursed the Company for a portion of the rent, utilities and housekeeping expenses. The lease terminated on December 31, 2008.

Corporate Headquarters

The Company leases office space from Two North Riverside Plaza Joint Venture Limited Partnership, an entity affiliated with Mr. Zell, the Company s Chairman of the Board. Payments made in accordance with the lease agreement to this entity amounted to approximately $0.5 million, $1.0 million, and $0.6 million for the years ended December 31, 2010, 2009 and 2008, respectively. Only seven months of rent was paid during the year ended December 31, 2010 as the first five months of the year were included in the free rent provided by the landlord in connection with a new lease for the office space that commenced December 1, 2009. As of December 31, 2010 and 2009, approximately $0.8 million and $60,000, respectively, were accrued with respect to this office lease.

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Other

In January 2009, the Company entered into a consulting agreement with the son of Mr. Howard Walker, to provide assistance with the Company s internet web marketing strategy. Mr. Walker is Vice-Chairman of the Company s Board of Directors. The consulting agreement was for a term of six months at a total cost of no more than $48,000 and expired on June 30, 2009.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act (Section 16(a)) requires the Company s executive officers and directors, and persons who own more than 10% of the Common Stock, to file reports of ownership and changes of ownership with the SEC and the NYSE. Executive officers, directors and greater than 10% stockholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on the Company s review of the copies of those forms received by the Company, or written representations from executive officers and directors that no Forms 5 were required to be filed for the fiscal year ended December 31, 2010, all appropriate Section 16(a) forms were filed in a timely manner.

STOCKHOLDER PROPOSALS FOR THE 2012 ANNUAL MEETING

Stockholder proposals intended to be presented at the 2012 Annual Meeting must be received by the Secretary of the Company no later than December 9, 2011, in order to be considered for inclusion in the Company s proxy statement and on the proxy card that will be solicited by the Board in connection with the 2012 Annual Meeting.

In addition, if a stockholder desires to bring business before an Annual Meeting of Stockholders, which is not the subject of a proposal for inclusion in the Company s proxy materials, the stockholder must follow the advance notice procedures outlined in the Company s Bylaws. The Company s Bylaws provide that in order for a stockholder to nominate a candidate for election as a director at an Annual Meeting or propose business for consideration at such Annual Meeting, notice must generally be given to the Secretary of the Company no more than 90 days nor less than 60 days prior to the first anniversary of the preceding year s Annual Meeting. The 2011 Annual Meeting is scheduled for May 11, 2011. Therefore, if a stockholder desires to present a proposal for the 2012 Annual Meeting without seeking to include the proposal in the Company s proxy materials, the Company must receive notice of the proposal no earlier than February 10, 2012 and no later than March 12, 2012. Copies of the Bylaws may be obtained from the Secretary of the Company by written request.

2010 ANNUAL REPORT

Stockholders are concurrently being furnished with a copy of the Company s 2010 Annual Report and Annual Report on Form 10-K. Additional copies of the 2010 Annual Report and Annual Report on Form 10-K and of this Proxy Statement are available at *www.amstock.com/ProxyServices/ViewMaterial.asp?CoNumber=26115* or by contacting Equity LifeStyle Properties, Inc, Attn: Investor Relations, at Two North Riverside Plaza, Suite 800, Chicago, Illinois 60606 (toll-free number: 1-800-247-5279 or email: *investor_relations@equitylifestyle.com*). Copies will be furnished promptly at no additional expense.

HOUSEHOLDING OF PROXY MATERIALS

The SEC has adopted rules that permit companies and intermediaries (such as banks and brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the

same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as householding, potentially means extra convenience for stockholders and cost savings for companies.

This year, a number of brokers with account holders who are our stockholders will be householding our proxy materials. A single proxy statement will be delivered to multiple stockholders sharing an address unless

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contrary instructions have been received from the impacted stockholders. Once you have received notice from your broker that they will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement and annual report, please notify us, by directing your written request to: Equity LifeStyle Properties, Inc., Two North Riverside Plaza, Suite 800, Chicago, Illinois 60606; Attn: Kenneth Kroot, Secretary. Stockholders who currently receive multiple copies of the proxy statement at their address and would like to request householding of their communications should contact their broker as specified above.

OTHER MATTERS

The Board knows of no other matters to be presented for stockholder action at the Annual Meeting. If any other matters are properly presented at the Annual Meeting for action, it is intended that the persons named in the accompanying proxy and acting thereunder will vote in accordance with their best judgment on such matters.

By Order of the Board of Directors

Kenneth A. Kroot
Senior Vice President, General Counsel
and Secretary

March 31, 2011
Chicago, Illinois

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Appendix A

EQUITY LIFESTYLE PROPERTIES, INC.

Supplemental Information for the Compensation Discussion and Analysis in the Proxy Statement for the 2011 Annual Meeting of Stockholders

INFORMATION REGARDING NON-GAAP FINANCIAL MEASURES AND RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO MOST DIRECTLY COMPARABLE GAAP MEASURES

The Compensation Discussion and Analysis (CD&A) of this Proxy Statement contains Funds from Operations (FFO), a non-GAAP financial measure. The Company believes FFO, as defined by the Board of Governors of the National Association of Real Estate Investment Trusts (NAREIT), is generally an appropriate measure of performance for an equity REIT. While FFO is a relevant and widely used measure of operating performance for equity REITs, it does not represent cash flow from operations or net income as defined by GAAP, and it should not be considered as an alternative to these indicators in evaluating liquidity or operating performance.

The Company defines FFO as net income, computed in accordance with GAAP, excluding gains or actual or estimated losses from sales of properties, plus real estate related depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect FFO on the same basis. The Company receives up-front non-refundable payments from the entry of right-to-use contracts. In accordance with GAAP, the upfront non-refundable payments and related commissions are deferred and amortized over the estimated customer life. Although the NAREIT definition of FFO does not address the treatment of nonrefundable right-to-use payments, the Company believes that it is appropriate to adjust for the impact of the deferral activity in its calculation of FFO. The Company believes that FFO is helpful to investors as one of several measures of the performance of an equity REIT. The Company further believes that by excluding the effect of depreciation, amortization and gains or actual or estimated losses from sales of real estate, all of which are based on historical costs and which may be of limited relevance in evaluating current performance, FFO can facilitate comparisons of operating performance between periods and among other equity REITs. The Company believes that the adjustment to FFO for the net revenue deferral of upfront non-refundable payments and expense deferral of right-to-use contract commissions also facilitates the comparison to other equity REITs. Investors should review FFO, along with GAAP net income and cash flow from operating activities, investing activities and financing activities, when evaluating an equity REIT s operating performance. The Company computes FFO in accordance with its interpretation of standards established by NAREIT, which may not be comparable to FFO reported by other REITs that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently than the Company does. FFO does not represent cash generated from operating activities in accordance with GAAP, nor does it represent cash available to pay distributions and should not be considered as an alternative to net income, determined in accordance with GAAP, as an indication of the Company s financial performance, or to cash flow from operating activities, determined in accordance with GAAP, as a measure of its liquidity, nor is it indicative of funds available to fund our cash needs, including its ability to make cash distributions.

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The following table presents a calculation of FFO for the years ended December 31, 2010, 2009, 2008, 2007, and 2006 (amounts in thousands):

	2010	2009	2008	2007	2006
Computation of funds from operations:					
Net income available for common shares	$ 38,354	$ 34,005	$ 18,303	$ 32,102	$ 16,632
Income allocated to common OP Units	5,903	6,113	4,297	7,705	4,318
Right-to-use contract upfront payments, deferred, net	14,856	18,882	10,611		
Right-to-use contract commissions, deferred, net	(5,525)	(5,729)	(3,644)		
Depreciation on real estate assets and other	68,125	69,049	66,193	63,554	60,276
Depreciation included in discontinued operations					84
Depreciation on unconsolidated joint ventures	1,218	1,250	1,776	1,427	1,909
Loss (gain) on real estate	231	(5,488)	79	(12,036)	(852)
Funds from operations available for common shares	$ 123,162	$ 118,082	$ 97,615	$ 92,752	$ 82,367

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EQUITY LIFESTYLE PROPERTIES, INC.
TWO NORTH RIVERSIDE PLAZA, SUITE 800, CHICAGO, ILLINOIS 60606
PROXY FOR ANNUAL MEETING OF STOCKHOLDERS
SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned stockholder of Equity LifeStyle Properties, Inc., a Maryland corporation (the Company), hereby appoints SAMUEL ZELL and THOMAS P. HENEGHAN, or either of them, with full power of substitution in each of them, to attend the Annual Meeting of Stockholders of the Company to be held on Wednesday, May 11, 2011, at 9:00 a.m. Central time (the Meeting), and any adjournment or postponement thereof, to cast on behalf of the undersigned all votes that the undersigned is entitled to cast at the Meeting and otherwise to represent the undersigned at the Meeting with all powers possessed by the undersigned if personally present at the Meeting. The undersigned hereby acknowledges receipt of the Notice of Annual Meeting of Stockholders and of the accompanying Proxy Statement and revokes any proxy heretofore given with respect to the Meeting. The votes entitled to be cast by the undersigned will be cast as instructed on the reverse side. If this proxy is executed but no instruction is given, the votes entitled to be cast by the undersigned will be cast for each of the nominees for director, for Proposals 2 and 3, for 1 year on Proposa 4, and in the discretion of the proxy holder on any other matter that may properly come before the Meeting or any adjournment or postponement thereof.

(Continued and to be signed on the reverse side.)

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ANNUAL MEETING OF STOCKHOLDERS OF
EQUITY LIFESTYLE PROPERTIES, INC.
May 11, 2011
PROXY VOTING INSTRUCTIONS

TELEPHONE - Call toll-free **1-800-PROXIES** (1-800-776-9437) in the United States or **1-718-921-8500** from foreign countries from any touch-tone telephone and follow the instructions. Have your proxy card available when you call and use the Company Number and Account Number shown on your proxy card.
Vote by phone until 11:59 PM EST the day before the meeting.
MAIL - Sign, date and mail your proxy card in the envelope provided as soon as possible.

IN PERSON - You may vote your shares in person by attending the Annual Meeting.

COMPANY NUMBER

ACCOUNT NUMBER

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL: The Notice of meeting, proxy statement and proxy
card are available at http://www.amstock.com/ProxyServices/ViewMaterial.asp?CoNumber=26115
ê Please detach along perforated line and mail in the envelope provided IF you are not voting via telephone. ê
20830304000000001000 9 051111

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR PROPOSALS 1, 2 AND 3, AND A VOTE FOR ONE-YEAR ON PROPOSAL 4.
PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x

1. The election as director of the nominees listed below (except as marked to the contrary).

o **FOR ALL NOMINEES**

o **WITHHOLD AUTHORITY FOR ALL NOMINEES**

o **FOR ALL EXCEPT**
(See instructions below)

NOMINEES:
¡ Philip Calian
¡ David Contis
¡ Thomas Dobrowski
¡ Thomas Heneghan
¡ Sheli Rosenberg
¡ Howard Walker
¡ Gary Waterman

¡ Samuel Zell

INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), mark **FOR ALL EXCEPT** and fill in the circle next to each nominee you wish to withhold, as shown here: l

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes o to the registered name(s) on the account may not be submitted via this method.

		FOR	AGAINST		ABSTAIN
2.	The ratification of the selection of Ernst & Young LLP as the Company s Independent Registered Public Accounting Firm for 2011.	o	o		o
		FOR	AGAINST		ABSTAIN
3.	A non-binding advisory vote on executive compensation.	o	o		o
		1 year	2 years	3 years	ABSTAIN
4.	A non-binding advisory vote on the frequency of a stockholder vote to approve executive compensation.	o	o	o	o

MARK X HERE IF YOU PLAN TO ATTEND THE MEETING. o

Signature of Stockholder Date: Signature of Stockholder Date:

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please

give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.