

UDR, Inc.
Form DEFR14A
April 01, 2016

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No. 1)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

UDR, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

(2) Aggregate number of securities to which transaction applies:

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

EXPLANATORY NOTE

This revised proxy statement of UDR, Inc. for the 2016 Annual Meeting of Stockholders amends the proxy statement as originally filed on March 30, 2016 to change the figures referenced in the last bulleted sentence on page 26 under the heading “Executive Compensation—Compensation Discussion and Analysis—2015 Performance Highlights—2015 Operating Performance” so that the sentence now states: “Since the inception of the 2-Year Plan, UDR has a TSR of 77%, 23% above the Company’s multifamily peer average.”

March 30, 2016

Dear Fellow Stockholders:

It is my pleasure to invite you to attend our Annual Meeting of Stockholders. The meeting will be held on May 12, 2016, at 10:00 a.m. local time at the Ritz-Carlton, Denver, 1881 Curtis Street, Denver, CO 80202.

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

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

Sincerely,
UDR, INC.

JAMES D. KLINGBEIL
Chairman of the Board of Directors

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

NOTICE OF 2016 ANNUAL MEETING OF STOCKHOLDERS

MARCH 30, 2016

DATE AND TIME: May 12, 2016, at 10:00 a.m. local time

PLACE: Ritz-Carlton, Denver, 1881 Curtis Street, Denver, CO 80202

- ITEMS OF BUSINESS:
1. To elect ten directors to serve until the next annual meeting of stockholders or until their successors are elected and qualified.
 2. To ratify the appointment of Ernst & Young LLP to serve as independent registered public accounting firm for the year ending December 31, 2016.
 3. To vote to approve, on an advisory basis, the compensation of our named executive officers disclosed in this proxy statement.
 4. To transact such other business as may properly come before the meeting and any adjournment or postponement of the meeting.

RECORD DATE: Friday, March 18, 2016. UDR stockholders of record as of the close of business on that date are entitled to vote at the meeting.

NOTICE: On or about March 30, 2016, we intend to mail to our stockholders of record a notice containing instructions on how to access our 2016 proxy statement and our annual report for the year ended December 31, 2015, and how to vote online. The notice also provides instructions on how you can request a paper copy of these documents if you desire, and how you can enroll in e-delivery. If you received your annual meeting materials via email, the email contains voting instructions and links to our annual report and proxy statement on the Internet.

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

By Order of the Board of Directors

WARREN L. TROUPE
Senior Executive Vice President
and Corporate Secretary

Important Notice Regarding the Availability of Proxy Materials for UDR, Inc.'s Annual Meeting of Stockholders to be held on May 12, 2016. This Notice of Annual Meeting and Proxy Statement and UDR, Inc.'s Annual Report/Form 10-K for the year ended December 31, 2015 are available on the Internet at the following website:

www.proxyvote.com.

TABLE OF CONTENTS

	PAGE
PROXY SUMMARY	
PROPOSAL NO. 1 ELECTION OF DIRECTORS	<u>1</u>
Vote Required and Board of Directors' Recommendation	<u>10</u>
CORPORATE GOVERNANCE MATTERS	<u>11</u>
Corporate Governance Overview	<u>11</u>
Identification and Selection of Nominees for Director	<u>12</u>
Director Rotation and Retirement	<u>14</u>
Director Independence	<u>14</u>
Director Responsibilities and Obligations	<u>15</u>
Board Leadership Structure and Committees	<u>15</u>
Role of Compensation Committee and Compensation Consultants	<u>16</u>
Board of Directors and Committee Meetings	<u>17</u>
The Role of the Board in Risk Oversight	<u>18</u>
Communicating with the Board	<u>18</u>
COMPENSATION OF DIRECTORS	<u>20</u>
Director Compensation Table	<u>20</u>
Director Compensation Table Discussion	<u>20</u>
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	<u>22</u>
EXECUTIVE OFFICERS	<u>24</u>
EXECUTIVE COMPENSATION	<u>25</u>
Compensation Discussion and Analysis	<u>25</u>
Compensation Committee Report	<u>52</u>
Compensation of Executive Officers	<u>53</u>
Employment and Other Agreements	<u>56</u>
Post-Employment Compensation - Severance, Change of Control and Other Arrangements	<u>57</u>
Compensation Risks	<u>58</u>
Transactions with Related Persons	<u>58</u>
Equity Compensation Plan Information	<u>59</u>
AUDIT COMMITTEE REPORT	<u>60</u>
AUDIT MATTERS	<u>61</u>
Audit Fees	<u>61</u>
Pre-Approval Policies and Procedures	<u>61</u>
PROPOSAL NO. 2 RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS	<u>62</u>
Vote Required and Board of Directors' Recommendation	<u>62</u>
PROPOSAL NO. 3 ADVISORY VOTE ON EXECUTIVE COMPENSATION	<u>63</u>
Vote Required and Board of Directors' Recommendation	<u>63</u>
FREQUENTLY ASKED QUESTIONS ABOUT THE ANNUAL MEETING	<u>64</u>
Why did you provide this proxy statement to me?	<u>64</u>
Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?	<u>64</u>
What constitutes a quorum in order to hold and transact business at the meeting?	<u>64</u>
How do I vote?	<u>65</u>
How will my proxy be voted?	<u>65</u>
Will other matters be voted on at the annual meeting?	<u>66</u>
Can I revoke my proxy and change my vote?	<u>66</u>
What vote is required for the proposals if a quorum is present?	<u>66</u>

What is an abstention, and how will it affect the vote on a proposal?	<u>66</u>
What are broker non-votes, and how will they affect the vote on a proposal?	<u>66</u>
Who will tabulate the votes?	<u>67</u>
Who is soliciting the proxy, and who will pay for the proxy solicitation?	<u>67</u>
Where do I find the voting results of the meeting?	<u>67</u>
OTHER MATTERS	<u>68</u>
Section 16(a) Beneficial Ownership Reporting Compliance	<u>68</u>
Delivery of Voting Materials	<u>68</u>
Annual Report	<u>68</u>
Stockholder Proposals for the 2017 Annual Meeting of Stockholders	<u>68</u>
Advance Notice Procedures for the 2017 Annual Meeting of Stockholders	<u>68</u>

PROXY SUMMARY

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

Information About Our 2016 Annual Meeting Of Stockholders

DATE AND TIME: Thursday, May 12, 2016 at 10:00 a.m. local time
 PLACE: Ritz-Carlton, Denver, 1881 Curtis Street, Denver, CO 80202
 RECORD DATE: Friday, March 18, 2016
 Voting Matters And Vote Recommendations

Proposal		Board Vote Recommendation	Page Number
Proposal No. 1	To elect ten directors to serve until the next annual meeting of stockholders or until their successors are elected and qualified	ü FOR each Director Nominee	1
Proposal No. 2	Ratification of the appointment of Ernst & Young LLP to serve as independent registered public accounting firm for the year ending December 31, 2016	ü FOR	62
Proposal No. 3	Advisory vote to approve the compensation of our named executive officers as disclosed in this proxy statement	ü FOR	63

Our Director Nominees (Page 1)

Name	Age	Director Since	Independent	AC	CC	GC	EC
Katherine A. Cattanach	71	2006	Yes				
Robert P. Freeman	70	1998	Yes	C			
Jon A. Grove	71	1998	Yes		C		
Mary Ann King	63	2015	Yes				
James D. Klingbeil ⁽¹⁾	80	1998	Yes			C	C
Clint D. McDonnough	60	2016	Yes				
Robert A. McNamara	61	2014	Yes				
Mark R. Patterson	55	2014	Yes				
Lynne B. Sagalyn ⁽²⁾	68	1996	Yes				
Thomas W. Toomey ⁽³⁾	55	2001	No				

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

(2) Vice Chair of the Board

(3) Chief Executive Officer, President and Director

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

Information About Our Board And Committees (Page 17)

	Number of Members	Independent	Number of Meetings During 2015
Full Board of Directors	10	90.0%	8
Audit and Risk Management Committee	5	100.0%	10
Compensation and Management Development Committee	4	100.0%	5
Governance Committee	9	100.0%	4
Executive Committee	3	66.7%	0

Our Corporate Governance (Page 11)

Size of the Board of Directors	10
Number of Independent Directors	9
Audit, Compensation and Governance Committees Consist Entirely of Independent Directors	Yes
Separate Chairman of the Board and Chief Executive Officer	Yes
Annual Election of All Directors	Yes
Majority Voting in Uncontested Director Elections	Yes
Annual Advisory Approval of Named Executive Officer Compensation	Yes
All Directors Attended at Least 75% of Meetings Held	Yes
Independent Directors Meet Regularly in Executive Session	Yes
Annual Board and Committee Self-Evaluations	Yes
Code of Business Conduct and Ethics, and Code of Ethics for Senior Financial Officers	Yes
Stock Ownership Guidelines for Executive Officers and Directors	Yes
Prohibition on Hedging Transactions	Yes
Pledging Transactions Prohibited Without Prior Approval	Yes
Policy on Recoupment of Performance-Based Incentives	Yes
Stockholder Rights Plan (Poison Pill)	No

Effective November 6, 2015, the board adopted amendments to the Company's Amended and Restated Bylaws to implement a majority voting standard in uncontested director elections, which incorporates a director resignation policy for any director who does not receive the requisite vote. A plurality voting standard applies in a contested director election.

Independent Registered Public Accounting Firm (Page 62)

Ernst & Young LLP, independent registered public accounting firm, served as our auditors for fiscal 2015. Our Audit Committee has selected Ernst & Young LLP to audit our financial statements for fiscal 2016. Although it is not required to do so, the board is submitting the Audit Committee's selection of our independent registered public accounting firm for ratification by the stockholders at the annual meeting in order to ascertain the view of our stockholders regarding such selection. Below is summary information about Ernst & Young's fees for services during fiscal years 2015 and 2014:

Description of Services	2015	2014
Audit Fees	\$1,511,450	\$1,387,500
Audit-Related Fees	158,200	—
Tax Fees	280,308	—
All Other Fees	—	—
TOTAL	\$1,949,958	\$1,387,500

PROXY STATEMENT AND NOTICE OF ANNUAL MEETING
OF STOCKHOLDERS | 2016

Executive Compensation Matters (Page 25)

We are requesting your non-binding vote to approve the compensation of our named executive officers as described on pages 25 through 59 of this proxy statement. The goals for our executive compensation program are to (i) attract, retain and motivate effective executive officers, (ii) align the interests of our executive officers with the interests of the Company and our stockholders, (iii) incentivize our executive officers based on clearly defined performance goals and measures of successful achievement, and (iv) align market competitive compensation with our short-term and long-term performance.

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

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

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

WE DO:

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

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

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

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

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

WE DO NOT:

X Have any employment agreements with our named executive officers.

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

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

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

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

decisions.

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

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

S-3 | UDR

PROXY STATEMENT AND NOTICE OF ANNUAL MEETING
OF STOCKHOLDERS | 2016

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

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

Our stockholders have consistently supported our executive compensation program. At our 2015 Annual Meeting of Stockholders, over 89.6% of the votes cast were voted in favor of our resolution seeking advisory approval of our executive compensation. Over the last three years, stockholder support for our advisory vote on executive compensation has averaged 94% (with no year below 94%). While we have consistently had strong stockholder support for our executive compensation program, we do continue to engage in a dialogue with stockholders on executive compensation issues. We will continue to consider the outcome of future advisory votes on executive compensation when establishing the Company's compensation programs and policies and making compensation decisions regarding our named executive officers.

Our Use of Abbreviations: We use a number of abbreviations in this proxy statement. We refer to UDR, Inc. as "UDR," "the Company," "we," "us" or "our" and to our board of directors as "board." The term "proxy materials" includes this proxy statement, as well as the enclosed proxy card. References to "fiscal 2015" and "fiscal 2016" mean our 2015 fiscal year which began on January 1, 2015 and ended on December 31, 2015, and our 2016 fiscal year which began on January 1, 2016 and will end on December 31, 2016, respectively. We refer to the Audit and Risk Management Committee as the "Audit Committee" and we refer to the Compensation and Management Development Committee as the "Compensation Committee." We refer to the U.S. Securities and Exchange Commission as the "SEC" and we refer to the New York Stock Exchange as the "NYSE." Our 2016 Annual Meeting of Stockholders to be held on May 12, 2016 is simply referred to as the "meeting" or the "annual meeting."

PROPOSAL NO. 1 ELECTION OF DIRECTORS

The ten individuals listed below, each of whom is currently a member of the board, have been nominated for election to the board at the 2016 annual meeting of stockholders. If any of the nominees is unable or declines to serve as a director at the time of the meeting, the proxies will be voted for any nominee who is designated by the present board to fill the vacancy. It is not expected that any nominee will be unable or will decline to serve as a director. The directors elected will hold their respective offices until the next annual meeting of stockholders or until their successors are elected and qualified.

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

Katherine A. Cattanaach, Ph.D.

High Level of Financial Literacy

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

Relevant Chief Executive Officer/BOD Experience

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

Other

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

Robert P. Freeman

High Level of Financial Literacy

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

Relevant Chief Executive Officer/BOD Experience

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

Extensive Real Estate Experience

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

2 | UDR

PROXY STATEMENT AND NOTICE OF ANNUAL MEETING
OF STOCKHOLDERS | 2016

Jon A. Grove

Extensive Real Estate Experience

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

Relevant Chief Executive Officer/BOD Experience

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

3 | UDR

PROXY STATEMENT AND NOTICE OF ANNUAL MEETING
OF STOCKHOLDERS | 2016

Mary Ann King

Extensive Real Estate Experience

Ms. King has spent 38 years in the apartment industry. She currently serves as a Co-Chairman of Moran & Company, a real estate brokerage firm focusing exclusively on multifamily assets and mixed use assets with significant multifamily components. She has served three terms as a ULI trustee and is currently a member of the National Multifamily Housing Council's Executive Committee. She previously served on the National Multifamily Housing Council's Leadership Team from 2000 to 2008 and chaired that organization from 2006-2008.

High Level of Financial Literacy

Ms. King serves as Co-Chairman of Moran & Company, a real estate brokerage firm. She also serves as partner in charge of Moran & Company's Irvine, California office.

James D. Klingbeil

Extensive Real Estate Experience

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

Relevant Chief Executive Officer/BOD Experience

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

5 | UDR

PROXY STATEMENT AND NOTICE OF ANNUAL MEETING
OF STOCKHOLDERS | 2016

Clint D. McDonnough

High Level of Financial Literacy

Mr. McDonnough has an extensive background in accounting, auditing and advisory services, having worked for 38 years with Ernst & Young LLP, including as the firm's Office Managing Partner for Dallas, Texas, as Managing Partner of Assurance & Advisory Business Services for the Southwest Practice Area and as Director of Real Estate Advisory services.

Extensive Real Estate Experience

He served as Ernst & Young's National Director of Real Estate Advisory Services, creating a unified national real estate consulting practice.

Robert A. McNamara

Extensive Real Estate Experience

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

Relevant Chief Executive Officer/BOD Experience

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

Broad Construction/Development Experience

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

7 | UDR

PROXY STATEMENT AND NOTICE OF ANNUAL MEETING
OF STOCKHOLDERS | 2016

Mark R. Patterson

High Level of Financial Literacy

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

Relevant Chief Executive Officer/BOD Experience

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

Extensive Real Estate Experience

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

Lynne B. Sagalyn, Ph.D.

High Level of Financial Literacy

Dr. Sagalyn has a strong background in business and academia. She is a specialist in real estate finance and urban development and is widely known as an expert in real estate equity securities and public development finance. Her research and writings on real estate investment, securitization, urban development and public policy have been published in both academic and professional journals. Dr. Sagalyn is the author of *Times Square Roulette: Remaking the City Icon* (MIT Press, 2001), an analysis of the politics, policy and economics of one of the city's largest and longest redevelopment initiatives; *Cases in Real Estate Finance and Investment Strategy* (ULI, 2000); and co-author of *Downtown, Inc.: How America Rebuilds Cities* (MIT Press, 1989), as well as numerous articles for academic and professional publications. She has recently completed the book *Power at Ground Zero: Rebuilding After 9/11* (Oxford University Press, forthcoming).

Relevant Chief Executive Officer/BOD Experience

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

Other

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

Thomas W. Toomey

Extensive Real Estate Experience

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

Relevant Chief Executive Officer/BOD Experience

Chief Executive Officer of UDR. Mr. Toomey served on the board of directors and was a member of the audit committee of The Ryland Group, Inc. (NYSE), a home builder, from December 2013 until its merger with Standard Pacific in October 2015.

Other

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

Vote Required and Board of Directors' Recommendation

The affirmative vote of a majority of the votes cast is required for the election of a director in an uncontested election. A majority of the votes cast means that the number of shares voted "for" a director's election exceeds fifty percent of the total number of votes cast with respect to that director's election. If an incumbent director does not receive a majority of the votes cast for his or her election, the director is required to tender his or her resignation for the consideration of the board. See "Corporate Governance Matters - Majority Voting Standard for Uncontested Director Elections."

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

CORPORATE GOVERNANCE MATTERS

Corporate Governance Overview

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

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

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

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

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

- The board has adopted clear corporate governance policies;
- Nine of our ten board members are independent directors as defined by the NYSE;
- The independent directors meet regularly without the presence of management;
- All members of the Audit Committee, Compensation Committee and Governance Committee are independent directors;
- The Chairman and the Vice-Chairman of the Board are independent directors;
- The charters of the board committees clearly establish their respective roles and responsibilities;

The board has adopted a Code of Business Conduct and Ethics that applies to all of our directors, officers and employees;

• We have a Code of Ethics for Senior Financial Officers that applies to our senior financial officers; and

We have a hotline with a 1-800 number and a third-party anonymous reporting system at www.mysafeworkplace.com available to all employees, and our Audit Committee has procedures in place for the anonymous submission of any employee complaint, including those relating to accounting, internal controls or auditing matters. Instructions for making a report are published in the Corporate Governance subsection of the Investor Relations section of the Company's website at ir.udr.com.

Majority Voting Standard for Uncontested Director Elections

Effective November 6, 2015, the board adopted amendments to the Company's Amended and Restated Bylaws to implement a majority voting standard in uncontested director elections, which incorporates a director resignation policy for any director who does not receive the requisite vote. Under this majority voting standard, the affirmative vote of a majority of the votes cast is required for the election of a director in an uncontested election. A majority of the votes cast means that the number of shares voted "for" a director's election exceeds fifty percent of the total number of votes cast with respect to that director's election. If an incumbent director does not receive a majority of the votes cast for his or her election, the director is required to tender his or her resignation to the board. The board would then decide within 90 days following certification of the shareholder vote, through a process managed by the Governance Committee and excluding the nominee in question, whether to accept or reject the tendered resignation, or whether other action is recommended. The board would promptly publicly disclose its decision and rationale. If an incumbent director's resignation is accepted by the board, then the board may fill the resulting vacancy or decrease the size of the board in accordance with the Bylaws. If a director's resignation is not accepted by the board, such director will continue to serve until his or her successor is duly elected and qualified, or his or her earlier death, resignation, retirement or removal. For the purposes of applying this majority voting standard, an election is considered "uncontested" if no stockholder provides notice of intention to nominate one or more candidates to compete with the boards' nominees in the manner required by the Bylaws, or if any such stockholder or stockholders have withdrawn all such nominations at least ten (10) days prior to the filing our definitive proxy statement with the SEC. In any contested election, each director shall be elected by a plurality of votes cast, in which case each share may be voted for as many individuals as there are directors to be elected and for whose election the share is entitled to be voted.

Our Commitment to Stockholder Engagement

In 2015, we again demonstrated our commitment to stockholder engagement, communication and transparency. During the year, representatives of the Company had 175 meetings with holders of our common stock, representing more than 60% of the total number of shares of Common Stock outstanding.

Identification and Selection of Nominees for Directors

The Governance Committee serves as our nominating committee. Our Governance Committee works closely with our Chief Executive Officer ("CEO") and the Chairman of the Board (who currently serves as Chairman of the Governance Committee) in recommending to the board criteria for open board positions, taking into account such factors as the Governance Committee deems important, including, among others, the current composition of the board, the range of talents, experiences, expertise and skills that would complement those already represented on the board and those that would help achieve the Company's goals. In evaluating a nominee, the board, acting through our Governance Committee, will consider, among other things, whether a potential director nominee has the time available, in light of other business

and personal commitments, to perform the responsibilities required for effective service on the board. The Governance Committee considers candidates that are suggested by members of the board, as well as management, our stockholders and any director search firm retained by the board or the Governance Committee, using the same criteria to evaluate all candidates.

The board believes its effectiveness is enhanced by being comprised of individuals with diverse backgrounds, skills and experience that are relevant to the role of the board and the needs of our business. Accordingly, the board, through the Governance Committee and in consultation with our CEO, will regularly review the changing needs of the business and the skills and experience resident in its members, with the intention that the board will be periodically “renewed” as certain directors rotate off and new directors are recruited. The board’s commitment to diversity and renewal will be tempered by the need to balance change with continuity and experience. The board believes that its commitment in this regard has been effective in establishing a board that consists of members with diverse backgrounds, skills and experience that are relevant to the role of the board and the needs of the business, and the board will continue to monitor the effectiveness of these efforts as part of its periodic self-assessment process.

Once a potential director nominee has been identified, the Governance Committee, in consultation with the Chairman of the Board and our CEO, will evaluate the prospective nominee against the specific criteria that has been established, as well as the standards and qualifications contained in our Statement on Corporate Governance. If it is determined based upon a preliminary review that a candidate warrants further consideration, members of the board, as appropriate, will interview the prospective nominee. After completing this evaluation and interview process, the board makes the final determination as to whether to nominate or appoint the new director.

In addition to any other applicable requirements, Section 2.11 of our Amended and Restated Bylaws (as amended on November 6, 2015) sets forth the procedures and requirements relating to nominations of directors by stockholders. Any stockholder who wishes to recommend a prospective nominee for consideration at our 2017 annual meeting of stockholders must submit specified information, including the following, no sooner than October 31, 2016 and no later than November 30, 2016:

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

The names and addresses of the stockholder(s) recommending the candidate for consideration and the class and number of shares of our stock beneficially owned by each, as well as certain information regarding hedge transactions, derivative instruments and other arrangements entered into by such stockholder(s) and certain related persons; and

Information regarding compensation and other material relationships between or among the nominating stockholder(s), certain related persons, and the proposed candidate.

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

Director Rotation and Retirement

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

Director Independence

The board's policy is that a significant majority of its members should be independent directors (see our Statement on Corporate Governance, which is available on our website at ir.udr.com). Each year the board affirmatively determines whether each director has any material relationship with the Company (directly, or as a partner, stockholder or officer of an organization that has such a relationship with the Company), as defined under the NYSE listing standards and the Company's director independence standards. The board has determined that all directors who served in 2015, and the directors who are standing for election at the annual meeting, are independent under both sets of standards, except Mr. Toomey, who is not independent because he is the Company's Chief Executive Officer and President. Additional information about each of the directors standing for election is set forth under Proposal No. 1 in this proxy statement. In making these independence determinations, the board considered information submitted by the directors in response to directors' questionnaires and information obtained from the Company's internal records.

Director Responsibilities and Obligations

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

Responsibilities of the Board of Directors:	In addition to each director’s basic duties of care and loyalty, the board has separate and specific obligations under our Statement on Corporate Governance. Among other things, these obligations require directors to effectively monitor management’s capabilities, compensation, risk oversight, leadership and performance, without undermining management’s ability to successfully operate the business. In addition, the board and the board’s committees have the authority to retain outside legal, accounting or other advisors, as necessary, to carry out their responsibilities. All directors are expected to be knowledgeable about the Company and its industry and to understand their duties and responsibilities as directors. The Company recognizes the importance of continuing education for directors and is committed to supporting continuing director education in order to enhance board and committee performance. We conduct periodic continuing education for directors and, at a director’s request, we will arrange for the director’s participation in cost-effective continuing education programs offered by third parties that are relevant to the director’s role as a board and committee member. All of our independent directors are expected to participate in orientation programs upon the recommendation of our Governance Committee. In addition, orientation sessions are conducted by senior management to familiarize directors with the Company’s strategic plans, significant financial, accounting and risk management issues, our compliance programs, our Code of Business Conduct and Ethics, and our principal officers, as well as our internal and external auditors.
Director Education:	The board, acting through the Governance Committee, annually evaluates the effectiveness of the board collectively and of board members individually, and the performance of each standing board committee. The Governance Committee determines the appropriate means for this evaluation.
Director Evaluations:	Each committee of the board annually evaluates the effectiveness and performance of each respective committee collectively and of the members of each respective committee individually.
Committee Evaluations:	Our Statement on Corporate Governance provides that each director is expected to develop a meaningful equity stake in our Company over time and that after the fifth anniversary of election to the board, each director is required to own shares of the Company’s common stock and/or LTIP Units (as described below) equivalent to not less than 5 times their respective annual cash retainer. Each of our directors is in compliance with our share ownership guidelines.
Directors’ Share Ownership Guidelines:	The board has adopted the following policy on director attendance at meetings: Absent extenuating circumstances, directors are expected to attend in person our annual meeting of stockholders, all regularly scheduled board and committee meetings and to participate telephonically in regularly scheduled board and committee meetings when they are unable to attend in person. All of our directors attended our 2015 annual meeting of stockholders.
Board Attendance at Annual Meeting:	

Board Leadership Structure and Committees

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

Board Leadership Structure:	We separate the roles of the Chairman of the Board and Chief Executive Officer in recognition of the differences between the two roles. The Chief
-----------------------------	---

Executive Officer is responsible for setting the strategic direction for the Company and the day to day leadership and performance of the Company, while the Chairman of the Board provides guidance to the Chief Executive Officer, sets the agenda for the board meetings and presides over meetings of the board. The board believes that the Chief Executive Officer offers the Company-specific expertise and extensive industry knowledge that is necessary as we seek to strengthen the quality of our portfolio, grow our cash flow to support dividend growth, increase our balance sheet strength and flexibility and maintain a great place to work and live, while our Chairman of the Board is able at the same time to lead the board's efforts in oversight of the Company and its management.

As stated in our Statement on Corporate Governance, the board will exercise its discretion in combining or separating the offices of Chairman of the Board and Chief Executive Officer. The determination will be based on the board's judgment of the best interests of the Company from time to time. If the offices of Chairman of the Board and Chief Executive Officer are combined, or if the Chairman does not qualify as an independent director, the board will designate a Lead Independent Director, who will chair the executive sessions of the board and have such other duties as the board deems appropriate. The name of the Lead Independent Director will be disclosed in our annual proxy statement. The board's administration of its risk oversight function has not affected the board's leadership structure.

Independence of the Audit, Compensation and Governance Committees:

The Audit, Compensation and Governance Committees consist entirely of independent directors, as defined in the NYSE listing standards and the Company's director independence standards. Each member of the Audit Committee and the Compensation Committee also satisfies the additional independence requirements set forth in rules under the Securities Exchange Act of 1934 and the NYSE listing standards.

Audit Committee Financial Expert:

Each member of the Audit Committee is financially literate, and the board has determined that each member of the Audit Committee is an "audit committee financial expert" within the meaning of the SEC's regulations. Our independent directors hold regularly scheduled executive sessions at which our independent directors meet without the presence of management.

Executive Sessions of Independent Directors:

These executive sessions generally occur around regularly scheduled meetings of the board. The Chairman of the Board, or the Vice Chair in the Chairman's absence, presides as chairman of these executive sessions. Both the Chairman of the Board and the Vice Chair are independent directors. The members of the Compensation Committee in fiscal 2015 included Jon A. Grove (Chairman), Robert A. McNamara, Mark A. Patterson and Lynne B. Sagalyn. Eric J. Foss served on the Compensation Committee until his term as a director expired at the 2015 annual meeting, and Katherine A. Cattnach served on the Compensation Committee until May 2015, when the new members of the Compensation Committee were elected. None of the members of the Compensation Committee during fiscal 2015, or as of the date of this proxy statement, is a former or current officer or employee of the Company or has any interlocking relationships as set forth in applicable SEC rules. In addition, during 2015 and through the date of this proxy statement, none of our executive officers has served as a member of the board or compensation committee of any other entity that has one or more executive officers serving as a member of our board or Compensation Committee.

Compensation Committee Interlocks and Insider Participation:

Role of Compensation Committee and Compensation Consultants

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

The Compensation Committee has the sole authority to retain and terminate any compensation consultants to be used to assist in establishing compensation for our executive officers and to approve such consultants' fees and other retention terms. The Compensation Committee engaged FPL Advisory Group, or "FPL," as its compensation consultant. FPL reports directly to the Compensation Committee, and the Compensation Committee is free to replace FPL or to hire additional consultants from time to time. FPL does not have any conflict of interest with the Company, the members of the Compensation Committee or our executive officers. For more information regarding the Compensation Committee's compensation consultants, see "Executive Compensation - Compensation Discussion and Analysis - Compensation Consultants."

Board of Directors and Committee Meetings

The board held eight meetings during fiscal 2015, including four meetings that were held by teleconference. No director attended fewer than 75% of the aggregate of (1) the total number of meetings of the board, and (2) the total number of meetings held by all committees of the board on which he or she served during fiscal 2015. The board has standing Audit, Compensation, Governance and Executive Committees to assist it in discharging its duties.

Information regarding each committee is set forth below:

Committee	Members on 12/31/2015 ⁽¹⁾	Key Functions	Number of Meetings in 2015
Audit	Robert P. Freeman ⁽²⁾ Katherine A. Cattanach Mary Ann King Mark R. Patterson	<ul style="list-style-type: none"> Assists the board in its general oversight of our accounting • financial reporting process, audits of our financial statements, internal controls and internal audit functions • Appointment, compensation and oversight of our independent auditors • Represents and assists the board in its oversight of: <ul style="list-style-type: none"> • the quality or integrity of our financial statements; • our compliance with legal and regulatory requirements; and • the performance of our internal audit department and independent auditors • Discusses the adequacy and effectiveness of our internal controls over financial reporting • Oversees our compliance with procedures and processes pertaining to corporate ethics and standards of business conduct • Establishes procedures for the receipt, retention and treatment of complaints received concerning accounting, auditing, internal controls and financial reporting matters • Oversees risk management policies and risk assessment • Pre-approves all non-audit services to be provided to the Company by the independent auditors 	10
Compensation	Jon A. Grove ⁽²⁾ Robert A. McNamara Mark R. Patterson Lynne B. Sagalyn	<ul style="list-style-type: none"> • Administers and approves general compensation policies applicable to our key executive officers • Reviews and approves compensation for the board and its committees • Reviews and ensures the appropriate administration of our compensation and benefit plans, programs and policies • Determines and approves the compensation of our CEO • Sets annual objectives for, and evaluates the performance of, our CEO, with input from the board • Reviews and recommends to the board short- and long-term compensation for the principal officers of the Company who report directly to our CEO • Approves all employment and severance agreements for senior vice presidents and above • Develops and administers the contributions and awards, if any, under the 401(k) and profit sharing plans and management incentive programs and other management compensation, if any, including the long-term incentive plan • Appoint and provide oversight of independent compensation consultants 	5

Governance	James D. Klingbeil ⁽²⁾	•Exercises general oversight of board governance matters	4
	Katherine A. Cattanach	•Reviews the size, role, composition and structure of our board and its committees	
	Robert P. Freeman	•Reviews and evaluates the board and its members	
	Jon A. Grove	•Serves as the nominating committee for board members	
	Mary Ann King	•Reviews and updates our Corporate Governance Policies	
	Robert A. McNamara	•Considers, develops and makes recommendations to the board	
	Mark R. Patterson	•regarding matters related to corporate governance	
	Lynne B. Sagalyn	•Ensures that each committee conducts an annual assessment	

Committee	Members on 12/31/2015 ⁽¹⁾	Key Functions	Number of Meetings in 2015
Executive	James D. Klingbeil ⁽²⁾ Lynne B. Sagalyn Thomas W. Toomey	<ul style="list-style-type: none"> • Performs the duties and exercises the powers delegated to it by the board Meets only when board action on a significant matter is required • and it is impractical or not feasible to convene a full meeting of the board 	0

(1) Eric J. Foss served on the Compensation Committee and the Governance Committee until his term as a director expired on May 21, 2015 at the 2015 annual meeting.

(2) Committee Chair.

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

The Role of the Board in Risk Oversight

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

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

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

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

Communicating with the Board

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

UDR, Inc.

Attn: Board of Directors

1745 Shea Center Drive,

Suite 200

Highlands Ranch, Colorado 80129-1540

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

• forward the communication to the director or directors to whom it is addressed (matters addressed to the Chairman of the Board will be forwarded unopened directly to the Chairman);

• attempt to handle the inquiry directly where the communication does not appear to require direct attention by the board, or an individual member of the board, e.g., the communication is a request for information about the Company or is a stock-related matter; or

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

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

COMPENSATION OF DIRECTORS

The following table provides information concerning the compensation of our directors for fiscal 2015.

Director Compensation Table

Name (a)	Fees Earned or Paid in Cash (\$) (b)	Stock Awards (\$) (c) ⁽¹⁾⁽²⁾	Option Awards (\$) (d)	Non-Equity Incentive Plan Compensation (\$) (e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (f)	All Other Compensation (g) ⁽³⁾	Total (\$) (h)
Katherine A. Cattanach	\$65,000	\$120,000	-0-	-0-	-0-	\$ 4,180	\$189,180
Eric J. Foss ⁽⁴⁾	65,000	120,000	-0-	-0-	-0-	2,056	187,056
Robert P. Freeman ⁽⁵⁾	72,500	120,000	-0-	-0-	-0-	6,706	199,206
Jon A. Grove	72,500	120,000	-0-	-0-	-0-	4,180	196,680
Mary Ann King ⁽⁵⁾	29,918	55,467	-0-	-0-	-0-	707	86,092
James D. Klingbeil	100,000	210,000	-0-	-0-	-0-	10,797	320,797
Robert A. McNamara	65,000	120,000	-0-	-0-	-0-	4,180	189,180
Mark R. Patterson	65,000	120,000	-0-	-0-	-0-	4,180	189,180
Lynne B. Sagalyn	65,000	120,000	-0-	-0-	-0-	4,180	189,180
Thomas W. Toomey ⁽⁶⁾	-0-	-0-	-0-	-0-	-0-	-0-	-0-

The dollar amount reflected in the “Stock Awards” column reflects the aggregate grant date fair value, computed in accordance with FASB ASC Topic 718, of a grant of 3,826 shares (6,694 shares for a non-employee Chairman of (1) the Board) of restricted common stock (priced at \$31.37 per share, which was the closing sales price of our common stock on January 2, 2015, the date of grant), which vested on the anniversary date of the grant, as discussed below under “Director Compensation Table Discussion .”

The following table sets forth the restricted stock awards and non-qualified stock option awards outstanding as of (2) December 31, 2015 for each of our non-employee directors. Mr. Toomey’s holdings are set forth under the heading “Executive Compensation” in this proxy statement. The restrictions relating to these awards are described in more detail below under the heading “Director Compensation Table Discussion - 2015 Director Compensation Program.”

Director	Restricted Stock Awards Outstanding*	Non-Qualified Stock Option Awards Outstanding
Katherine A. Cattanach	3,826	-0-

Robert P. Freeman	6,138	-0-
Jon A. Grove	3,826	-0-
Mary Ann King	2,549	-0-
James D. Klingbeil	9,883	-0-
Robert A. McNamara	3,826	-0-
Mark R. Patterson	3,826	-0-
Lynne B. Sagalyn	3,826	-0-

Restricted stock awards that were granted on January 4, 2016 pursuant to our 2016 independent director * compensation program are not included in this table but are discussed below under “Director Compensation Table Discussion - 2016 Director Compensation Program.”

(3) The dollar amount in this column includes dividends on all outstanding stock awards.

(4) Mr. Foss's term as a director expired at the 2015 annual meeting.

(5) Ms. King was appointed to the Board on July 16, 2015, and therefore she received a pro rata portion of the compensation provided for in the 2015 Director Compensation Program.

Mr. Toomey is our Chief Executive Officer and President. Because he is an employee of the Company, he receives (6) no additional compensation for service as a director of the Company. His total compensation for 2015 is set forth below under the heading “Executive Compensation.”

Director Compensation Table Discussion

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

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

2015 Director Compensation Program

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

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

2016 Director Compensation Program

LTIP Units. On December 4, 2015, the Compensation Committee approved an amendment to the 1999 Long Term Incentive Plan to provide for awards of LTIP Units of United Dominion Realty, L.P., a Delaware limited partnership, which we refer to as the “Operating Partnership.” The Company is the parent company and sole general partner of the Operating Partnership. As described below, the Company’s non-employee directors may elect to receive Class 1 LTIP Units. Subject to the conditions set forth in the Ninth Amendment to the Amended and Restated Agreement of Limited Partnership and subject to the vesting conditions specified with respect to the Class 1 LTIP Units, each Class 1 LTIP Unit may be converted, at the election of the holder, into a unit of limited partnership of the Operating Partnership (“OP Units”), and a holder of OP Units has the right to require the Operating Partnership to redeem all or a portion of the OP Units held by the holder in exchange for a cash payment based on the market value of our common stock at the time of redemption. However, the Operating Partnership’s obligation to pay the cash amount is subject the prior right of the Company to acquire such OP Units in exchange for either the cash amount or shares of our common stock.

Retainer. For 2016, each non-employee director then serving on the Board received an annual retainer fee of \$80,000 (\$120,000 for a non-employee Chairman of the Board). The chairpersons of each of the Audit and Compensation Committees received an annual retainer fee of \$15,000. These fees were paid in January 2016.

The non-employee directors could elect to receive the cash portion of their 2016 compensation in cash, in all stock, or in a combination of cash, stock or Class 1 LTIP Units. Each of the non-employee directors has elected to receive a portion or all of their compensation in the form of LTIP units.

Stock Grant. Each non-employee director then serving on the Board also received a grant of \$135,000 in value of shares of restricted stock and/or Class 1 LTIP Units (\$230,000 for the non-employee Chairman of the Board). For those non-employee directors who elected to receive restricted stock, the restricted stock was priced at \$36.97 per share, which was the closing sales price of our common stock on January 4, 2016, the date of grant. The shares of restricted stock vest on December 31, 2016. The non-employee directors receiving restricted stock are entitled to receive dividends during the vesting period; however, any unvested shares at the end of the one-year vesting period will be returned to us and cancelled.

For those non-employee directors who elected to receive Class 1 LTIP Units, the Class 1 LTIP Units were priced at \$36.77 per unit, the closing sales price of our common stock on February 4, 2016, the date of grant. The Class 1 LTIP Units vest on December 31, 2016.

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

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the shares of our common stock beneficially owned by (1) each of our directors, (2) the named executive officers, (3) all of our directors and executive officers as a group, and (4) all persons known by us to beneficially own more than 5% of our outstanding voting stock. We have determined the beneficial ownership shown on this table in accordance with the rules of the SEC. Under those rules, shares are considered beneficially owned if held by the person indicated, or if such person, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares the power to vote, to direct the voting of and/or to dispose of or to direct the disposition of such security. Except as otherwise indicated in the accompanying footnotes, beneficial ownership is shown as of March 18, 2016.

Amount and Nature of Beneficial Ownership

Name of Beneficial Owner	Shares Beneficially Owned ⁽¹⁾		Shares for Which Beneficial Ownership can be Acquired Within 60 Days ⁽²⁾	Shares for Which Beneficial Ownership can be Acquired upon Redemption of Partnership Interests ⁽³⁾	Total Beneficial Ownership	
					Number of Shares ⁽²⁾⁽⁴⁾	Percent of Class ⁽⁴⁾⁽⁵⁾
Thomas W. Toomey	1,191,743	⁽⁶⁾	1,868,423	—	3,060,166	1.14 %
James D. Klingbeil	166,303	⁽⁷⁾	—	2,221,214	⁽⁷⁾ 2,387,517	*
Warren L. Troupe	577,903		366,540	—	944,443	*
Jon A. Grove	482,308		—	—	482,308	*
Jerry A. Davis	193,922		—	—	193,922	*
Harry G. Alcock	127,645		—	—	127,645	*
Thomas M. Herzog	110,437		—	—	110,437	*
Lynne B. Sagalyn	94,137	⁽⁸⁾	—	—	94,137	*
Robert P. Freeman	93,404	⁽⁹⁾	—	—	93,404	*
Katherine A. Cattanach	54,123		—	—	54,123	*
Mark R. Patterson	8,983		—	—	8,983	*
Robert A. McNamara	7,651		—	—	7,651	*
Mary Ann King	2,549		—	—	2,549	*
Clint D. McDonnough	—		—	—	—	*
All directors and executive officers as a group (14 persons)	3,111,108		2,234,963	2,221,214	7,567,285	2.79 %
Cohen & Steers, Inc. ⁽¹⁰⁾	40,985,599		—	—	40,985,599	15.34 %
The Vanguard Group ⁽¹¹⁾	38,462,670		—	—	38,462,670	14.40 %
	18,874,136		—	—	18,874,136	7.07 %

Vanguard
Specialized
Funds⁽¹²⁾

BlackRock, Inc. ⁽¹³⁾	31,212,719	—	—	31,212,719	11.68	%
FMR LLC ⁽¹⁴⁾	21,263,957	—	—	21,263,957	7.96	%

* Represents beneficial ownership of less than 1%, based on 267,139,066 shares of common stock outstanding as of March 18, 2016. On March 18, 2016, there were 2,796,903 shares of our Series E preferred stock and 16,452,496 shares of our Series F preferred stock outstanding.

In addition to the shares of common stock beneficially owned, Mr. Klingbeil is deemed to beneficially own indirectly 2,237,282 shares of our Series F preferred stock held by certain trusts, limited partnerships, limited liability companies and other entities, or 13.6% of our outstanding Series F preferred stock.

(2) Assumes exercise in full of all options exercisable within 60 days of March 18, 2016.

(3) Includes the number of shares of common stock into which OP Units of the Operating Partnership, beneficially owned by the person are redeemable if the Company elects to issue shares of common stock rather than pay cash on such redemption. The holder of the OP Units has the right to require the Operating Partnership to redeem all or a portion of the OP Units held by the holder in exchange for a cash payment based on the market value of our common stock at the time of redemption. However, the Operating Partnership's obligation to pay the cash amount is subject to the prior right of the Company to acquire such OP Units in exchange for either the cash amount or shares of our common stock.

(4) Such beneficial ownership calculations assume that all OP Units beneficially owned by the person indicated and outstanding as of March 14, 2016, are redeemed in exchange for shares of common stock (notwithstanding any holding period requirements or exchange rights). See Notes (3) and (7).

(5) Based on 267,139,066 shares of common stock outstanding at the close of business on March 18, 2016. Shares issuable pursuant to options which are exercisable within 60 days of March 18, 2016, or upon redemption of the OP Units, are deemed outstanding for computing the percentage of the person holding such options or shares, but are not deemed outstanding for computing the percentage of any other person.