HUANENG POWER INTERNATIONAL INC
Form 6-K
August 10, 2004

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of August, 2004

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F X Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes No X

(If "Yes" is marked, indicate below the file number assigned to registrant in connection with Rule 12g3-2(b): 82-__________.)
N/A

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This Form 6-K consists of:

A press release on the announcement on 2004 interim results, made on August 10, 2004, in English by Huaneng Power International Inc.

[GRAPHIC OMITTED]

TO: BUSINESS EDITOR
[FOR IMMEDIATE RELEASE]

HUANENG POWER INTERNATIONAL, INC.
Announces 2004 Interim Results

Net Profit Increases 8.58% to RMB 2,481 Million

(Beijing, China, August 10, 2004) Huaneng Power International, Inc. (the "Company") [NYSE: HNP; HKEx: 902; SSE: 600011] today announced its unaudited operating results for the six months period ended June 30, 2004.

Net operating revenues of the Company and its subsidiaries for the first half of 2004 were RMB12.964 billion (equivalent to US$1.566 billion), representing an increase of 23.30% compared to the same period last year. Consolidated net profit was RMB2.481 billion (equivalent to US$0.30 billion), representing an increase of approximately 8.58% compared to the same period last year. Earnings per share was RMB0.21 or RMB8.23 for each American Depositary Share (equivalent to US$0.99). The board of directors does not recommend any interim dividends for year 2004.

During the first half of 2004, the PRC's national economy continued to maintain rapid and steady growth with GDP growth rate reaching 9.7%, which led to a rapid increase in power demand, and power generation of the State increased 15.8% when compared to the same period last year. The macro-control policies and measures adopted by the State began to see their impact. However, there were still difficulties regarding the fuel transportation for power generation. The trend of overall tight power supply has not been eased, in particular the drastic increase in coal prices brought great pressure upon cost control efforts of the Company. The Company's management and staff made great efforts to seize the favorable opportunities as presented by substantial increase in power demand brought about by the rapid growth of the national economy, working hard to cope with the challenges of tight fuel supply, drastic coal price increase and declining coal quality. Facing the increasingly keen competition in the power market, the Company made its best endeavours to overcome the difficulties with every possible means, thus accomplishing generation and operation tasks in the first half of this year.

During the first half of this year, the Company's power plants achieved power generation totalling 48.83 billion kWh on a consolidated basis, representing an increase of 18.87% over the same period last year. The growth of power generation was mainly attributable to the power generation contributed by Yushe Power Plant and Xindian Power Plant acquired in 2003, and by the stable generation capacity created by the newly operated generating units no.5 and 6 at Jining Power Plant. On the other hand, continued rapid growth of power consumption in the regions where the Company's power plants are located also created favorable conditions for the Company to increase its power generation.

In the aspect of cost control, the persistent rise in coal prices since the end of 2003 had brought about a significant impact on the Company's generation and operation. Such effect became particularly conspicuous since the second quarter of 2004 as the coal price had been surging prominently. Despite the relatively significant increase in power generation as compared to the same period last year and the implementation of various cost control measures by the Company, such gain still could not offset the increase in power generation costs brought about by the rise in coal prices. The unit fuel cost of the Company for the first half of the year increased by 25.85% when compared to the same period last year. Facing such unfavorable operating situation, the Company adopted measures in a timely manner to actively implement and enhance the planned realization rate of the State's major coal contracts; increased the supply of coal with good quality and competitive prices through the amicable business relationship established with large-sized coal enterprises; entered into medium to-long-term coal supply agreements with major coal supply enterprises and established stable long-term supply and demand relationships; actively and effectively commenced work on coal imports; and reinforced the transportation co-ordination with shipping companies, thereby relieving the delivery pressure. Besides, the Company further enhanced its internal management and tapped on its full potential: through coal blending burning, the price-rising pressure of the main coal and coal source could be eased; and through the process of up-grading the generating units, the Company it reduced the unit coal consumption, and to a large extent minimized the adverse effect brought about by the increase in coal prices to the Company.

Apart from stringent cost controls, the Company has been actively involved in new development projects. During the first half of the year, projects under construction including Qinbei Phase I, Yushe Phase II, Huaiyin Phase II and Shantou Phase II were all running smoothly and the proposed projects of the company progressed smoothly.

Besides, the Company has been actively acquiring new power assets in order to enhance its operation scale and profitability. On April 16, 2004, the Company entered into a transfer agreement with China Huaneng Group ("Huaneng Group"), Huaneng International Power Development Corporation ("HIPDC") and Jiangxi Provincial Investment Company. Pursuant to the transfer agreement, the Company acquired the following power assets for RMB4.575 billion: (1) 90% equity interest in Jinggangshan Huaneng Power Limited Liability Company and 40% equity interest in Hebei Hanfeng Power Limited Liability Company, both owned by Huaneng Group; (2) all the assets and liabilities of Yingkou Power Plant, 60% equity interest in Huaneng Chongqing Luohuang Power Limited Liability Company and 55% equity interest in Huaneng Hunan Yueyang Power Limited Liability Company, all owned by HIPDC; (3) 10% equity interest in Jinggangshan Power Plant owned by Jiangxi Provincial Investment Company. Currently, these acquisitions have been completed and the generation capacity on an equity basis of the Company increased by 3,096MW.

In the second half of the year 2004, demand will still be greater than supply in the power market. On the other hand, tight coal supply and continued increase in coal prices have aroused great concern to the relevant departments of the State. The management of the Company will continue to put optimization of shareholders' interests as its business objective and work targets, seizing the opportunities and overcoming the difficulties. Accordingly, the management and all staff of the Company will make joint efforts and overcome the difficulties to ensure the achievement of the annual targets in terms of generation and operations, bringing sustainable, steady and increasing returns to the shareholders.

Huaneng Power International, Inc. develops, constructs, operates and manages large thermal power plants in China nationwide, with a total generation capacity of 18,832MW on an equity basis. The Company wholly owns 16 power plants, and has controlling interests in seven power plants and minority interests in four power companies. Today, it is one of the largest independent power producers in China.

~ End ~

For any details regarding the interim results, please refer to the announcements published on Wen Wei Po and South China Morning Post dated August 11, 2004. The soft copy of the announcement will also be made available at the following websites:
Hong Kong Stock Exchange: http://www.hkex.com.hk
The Company: http://www.hpi.com.cn

Encl: The unaudited condensed consolidated balance sheet and condensed consolidated income statement of the Company and its subsidiary for the six months period ended June 30, 2004, prepared under International Financial Reporting Standards.

For further information, please contact:

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the under-signed, thereunto duly authorized.

HUANENG POWER INTERNATIONAL, INC.

By /s/ Wang Xiaosong

Name: Wang Xiaosong
Title: Vice Chairman

Date: August 10, 2004

ntures and other investment or financing opportunities as well as consultation associated with financial reporting matters (e.g. implementation of newly issued accounting standards) provided that the aggregate amount paid to Grant Thornton for such services does not exceed $100,000; (b) issuance of comfort letters and consents in connection with capital markets transactions approved in accordance with the Trust s policies and procedures provided that the aggregate amount paid to Grant Thornton for such services does not exceed $75,000; (c) issuance of audit opinions related to acquisition audits required under Rule 3-14 of Regulation S-X provided that the aggregate amount paid to Grant Thornton for such services does not exceed $75,000, and (d) a Limited Review of the Trust s letter to the State of California Department of Environmental Quality provided that the aggregate amount paid to Grant Thornton for such services does not exceed $3,000, which will only be completed if requested by the State of California.

Once the pre-approved dollar limit for the applicable non-audit service has been reached, no additional services of that type can be provided by GT without further approval by the Audit Committee. The Audit Committee has concluded that GT s providing these permissible non-audit services up to the aggregate pre-approved amounts would not compromise GT s independence. The Audit Committee may approve GT s providing additional non-audit services or services in excess of the amounts specified above if it determines that it is in our best interest and that GT s independence would not be compromised. All audit and non-audit services provided to the Trust by GT for the 2010 fiscal year are described in the Relationship With Independent Registered Public Accounting Firm section above.

In addition to the foregoing non-audit services, the Audit Committee also has approved GT s performing the audit of the financial statements for our equity joint venture with affiliates of a discretionary fund created and advised by ING Clarion Partners for the fiscal years ending 2004 through 2010. We own a 30% interest in that joint venture. The Audit Committee approved GT s performing this audit using the same criteria it uses for approving non-audit services. Although we do not consolidate the results of the joint venture, we do include our share of the joint venture s results in our financial statements. The Committee concluded that having GT perform the joint venture s audit facilitates the inclusion of those results in our financial statements.

Vote Required

The affirmative vote of a majority of votes cast at the Annual Meeting, in person or by proxy, is required to approve the proposal to ratify the Audit Committee s selection of GT as our independent registered public accounting firm for 2011. If you fail to give any instructions on your proxy card on this matter, the proxies identified on the proxy card will vote FOR this proposal. An abstention or broker non-vote will have no effect on the outcome of the vote on this proposal, however, if you fail to give instructions to your broker, your broker may have authority to vote the shares for this proposal.

THE BOARD OF TRUSTEES UNANIMOUSLY RECOMMENDS A VOTE FOR THE PROPOSAL TO RATIFY THE AUDIT COMMITTEE S SELECTION OF GT AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2011.

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EXECUTIVE OFFICERS

Our named executive officers are:

Name	Age	Position
Donald C. Wood	50	President and Chief Executive Officer
Andrew P. Blocher	46	Senior Vice President Chief Financial Officer and Treasurer
Dawn M. Becker	47	Executive Vice President Chief Operating Officer/ General Counsel and Secretary
Jeffrey S. Berkes	47	Executive Vice President Chief Investment Officer

Donald C. Wood, Information for Mr. Wood is provided above in Item 1 Election of Trustees.

Andrew P. Blocher, Senior Vice President Chief Financial Officer and Treasurer of the Trust since September 1, 2008, with responsibility for overseeing the Trust s capital markets, financial reporting, investor relations, corporate communications, human resources and information technology functions; and prior to that time, various officer positions with the Trust, including Senior Vice President-Capital Markets and Investor Relations (2007 to 2008), Vice President-Capital Markets and Investor Relations (2003 to 2007) and Vice President-Investor Relations and Finance (2000 to 2003).

Dawn M. Becker, Executive Vice President Chief Operating Officer (since February 2010) and General Counsel and Secretary of the Trust (since April 2002), with responsibility for overseeing all of the Trust s operations and asset management functions and the Trust s Legal Department; and prior to that time, various officer positions with the Trust, including Vice President Real Estate and Finance Counsel (2000 to 2002).

Jeffrey S. Berkes, Executive Vice President-Chief Investment Officer since February 2006, with responsibility for overseeing acquisitions, dispositions and other investment activity for the Trust; and prior to that time, various officer positions with the Trust, including Senior Vice President-Chief Investment Officer (2003 to 2006), Senior Vice President Strategic Transactions (2002 to 2003) and Vice President-Strategic Transactions (2000 to 2002).

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COMPENSATION DISCUSSION AND ANALYSIS

You will be asked in Item 3 of this proxy statement to provide a non-binding, advisory vote on the compensation of our named executive officers as described in the following sections of this proxy statement. Please keep that in mind as you review the following information, including the Summary Compensation Table, the supplemental tables and narrative disclosures that follow.

Executive Summary:

Despite continuing economic challenges and pressure on retail consumers, we delivered a strong financial performance in 2010 that improved on the solid financial performance we were able to deliver through the heart of the recession in 2008 and 2009. During that time, we increased our funds from operations, funds from operations per share and property operating income. We also increased our dividend during each of 2008, 2009 and 2010 and paid that dividend entirely in cash. Some of our key performance metrics for the period from 2008 through 2010 are:

Metric	2010	2009	2008
Funds From Operations	$ 239.2 million	$ 227.4 million	$ 228.4 million
Funds from Operations per Share	$ 3.88	$ 3.78	$ 3.85
Property Operating Income	$ 374.5 million	$ 363.8 million	$ 354.8 million
Same Store POI Growth	2.3%	1.6%	4.2%
Cash Dividends Paid Per Common Share	$ 2.65	$ 2.61	$ 2.48

That operational performance has provided the foundation for our strong total shareholder return performance over the past one and three year periods both on an absolute and relative basis.

Metric	2010 Total Shareholder Return	3 Year Total Shareholder Return through 12/31/10
Federal Realty	19.1%	6.7%
Bloomberg REIT Shopping Center Index (BBRESHOP)	30.5%	-13.1%
Morgan Stanley REIT Index	28.5%	2.5%
S&P 500	15.1%	-8.3%

The compensation of our named executive officers for 2010 reflects these results and includes: (a) base salary increases commensurate with market and individual responsibility; (b) annual bonuses being paid at 88% of the maximum potential; and (c) equity awards being paid at 75% of the maximum potential. The final 2010 compensation for each of our named executive officers was:

NEO	Position	Base	Annual Bonus	LTIAP	Total
Mr. Wood (a)	Chief Executive Officer	$ 850,000	$ 1,402,500	$ 3,700,000	$ 5,952,500
Ms. Becker	Chief Operating Officer	$ 400,000	$ 330,000	$ 562,250	$ 1,292,250
Mr. Berkes	Chief Investment Officer	$ 375,000	$ 206,250	N/A	$ 581,250
Mr. Blocher	Chief Financial Officer	$ 300,000	$ 247,500	N/A	$ 547,500

(a) Mr. Wood s base salary was increased effective November 1, 2010. Total base salary paid to Mr. Wood for calendar year 2010 was $725,000. The total LTIAP award earned by Mr. Wood for 2010 was $4,500,000; however, as described below, Mr. Wood voluntarily requested that the award be reduced by $800,000 and distributed to other members of the senior management team.

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Compensation Philosophy and Objectives:

Our compensation programs are designed to create a compensation package for each named executive officer that is sufficiently competitive to attract and retain top-level real estate professionals and to motivate those individuals to achieve superior results for us and our shareholders. As part of this compensation philosophy, we try to provide a strong link between an executive s total earnings opportunity and both our short-term and long-term performance based on the achievement of pre-determined financial targets and operating goals and to encourage our executives to enhance shareholder value by acting and thinking like shareholders. The key principles guiding our compensation decisions are:

1. Total compensation opportunities must be competitive with the marketplace so that we can attract, retain and motivate talented executives who are necessary for achieving superior results for the Trust; however, the aggregate compensation levels must be reasonable in the context of our overall cost structure and must support our operating strategy.

2. The compensation of our named executive officers should include a significant portion that is at risk and variable depending on both our short-term financial performance and long-term shareholder value creation with the largest portion of that at risk compensation designed to incentivize the creation of sustainable, long-term shareholder value.

3. A significant portion of each executive s total compensation opportunity should be equity based. Our executives should act in the best interest of our shareholders and the best way to encourage them to do that is through compensating them with an equity stake in the Trust and requiring that they maintain a meaningful ownership position. To facilitate this objective, we have adopted guidelines requiring that Mr. Wood, our CEO, have an equity ownership in the Trust having a value of at least three times his base salary and annual bonus and that Ms. Becker and Mr. Blocher each have an equity ownership in the Trust having a value of at least two and one-half times their respective base salary and annual bonus. The Nominating and Corporate Governance Committee confirmed that each of Mr. Wood, Ms. Becker and Mr. Blocher were in compliance with the minimum stock ownership requirements at December 31, 2010. The Nominating and Corporate Governance Committee exempted Mr. Berkes from complying with any ownership requirements through 2012, the duration of the cash based compensation plan approved for him in 2009.

4. The amount each executive actually earns out of his or her total compensation opportunity should vary based on the individual s performance, contribution and overall value to the business. The proportion of an individual s total compensation that varies with individual and company performance objectives should increase as the individual s business responsibilities increase.

In crafting our compensation policies and programs, we also consider whether they will encourage excessive or unnecessary risk taking and as described in the Risk Management Oversight section, we have concluded that our compensation programs do not do so. We do not currently have any policy that addresses the ability of our named executive officers to hedge their stock ownership position in us nor do we currently have any clawback or other compensation recovery policy with respect to compensation that may have been paid on the basis of incorrect financial results. While we understand that the SEC and the NYSE may require such policies in the future pursuant to the provisions of the Dodd-Frank Act, we are awaiting final rules until we adopt such policies.

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The following table describes the primary components of our named executive officers 2010 compensation, the reason for each component and the objective it serves in support of our compensation philosophy.

Compensation Element	Purpose	Link to Compensation Philosophy Retain	Reward Short-Term Performance	Reward Long-Term Performance	Align with Shareholder Interests
Base Salary	Fixed cash component maintained to be competitive with the market; reflects level of responsibility, experience and sustained individual performance	X			X
Annual Bonus	Cash award used to reward achievement of annual level of FFO determined to be necessary for company success for that year; amount varies with company and individual performance with option to take up to 25% of the award in the form of company stock	X	X		X
Long-Term Incentive Award	Equity award that measures creation of long-term value over a three-year period using stock price performance on both an absolute and relative basis as well as returns generated on invested capital; amount varies with company and individual performance	X		X	X
Benefits and Perquisites	Benefits generally offered to all employees to remain competitive in the market, including healthcare, life, disability, dental and vision insurance as well as a 401(k) program	X			X

Compensation Methodology:

The Compensation Committee of the Board is responsible for approving all compensation for our named executive officers. The Committee periodically reviews all elements of compensation to ensure that we remain competitive in the market and to ensure that overall compensation, including the means by which payment is made, is aligned with our business objectives, our performance and the interests of our shareholders. The Committee conducts an annual review of our CEO s performance and takes those results into consideration when setting compensation for our CEO. Our CEO plays a significant role in setting the compensation for our other named executive officers by providing the Committee with an evaluation of their performances and recommendations for their compensation, including recommendations for any adjustments to annual bonus and long-term equity payouts which are otherwise determined formulaically. The Committee has the discretion to accept, reject or modify the CEO s recommendations.

The total potential compensation for our named executive officers is established based on the scope of their individual responsibilities and contributions to our performance taking into account competitive market compensation paid for similar positions. Competitive market compensation for our named executive officers is generally determined by the Committee members applying their individual understanding, experiences and judgments in the national marketplace of senior level real estate positions and related industry pay in both public and private concerns that may compete for our executives, considering the relative importance of various positions at the Trust given our business plan and organization compared with the business plans of our major competitors. The Committee consulted the National Association of Real Estate Investment Trust s 2009 and 2010 Compensation Surveys (NAREIT Surveys) to confirm its assessment of appropriate market compensation for our executive officers. The NAREIT Surveys included both the information reported for each position by the more than 80 real estate investment trusts (REITs) that participated in the survey as well as by the

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approximately 17 retail focused REITs that participated in the survey. Not all REITs that participated in the survey provided information for each of the named executive officer positions and it is not possible to determine from the NAREIT Survey which of the participating REITs provided information for which executive officer position. Once the Committee determines an appropriate level of aggregate compensation for our named executive officers, an individual compensation package is created using a combination of base salary, annual bonus and long-term equity incentives, all in accordance with the compensation philosophy and objectives described earlier.

In addition to consulting the NAREIT Survey, the Compensation Committee retained Mercer in September 2010 to benchmark comparable real estate companies and make recommendations for compensation for our CEO and other members of senior management, including our other named executive officers. The total fees paid for these reports were $35,448. For benchmarking purposes, Mercer used the following publicly traded REITs:

HCP	CBL & Associates	Kimco Realty	National Retail Properties
Developers Diversified	Macerich	Digital Realty Trust	Equity One
Taubman Centers	Weingarten Realty Trust	Regency Centers	Realty Income
Tanger Factory Outlet Centers			

Although not specifically included in the peer group for benchmarking purposes, Mercer also looked at information for each of General Growth, Simon Property Group and Vornado Realty Trust as additional points of reference. The peer group includes US based publicly traded REITs with sales ranging from one-half (1/2) to two (2) times the sales of the Trust and that have a market capitalization in excess of $1 billion with a primary focus on retail REITs with a few other non-retail, market leading REITs added in order to increase the size of the peer group. The reports prepared by Mercer included recommendations for all of our named executive officers and were considered by the Compensation Committee in making its October 2010 compensation decisions for our CEO. Except for this benchmarking study and the benchmarking study performed for our Nominating and Corporate Governance Committee in December 2010 with respect to Board compensation described above, Mercer has not and does not provide any other services to us.

Elements of Total Compensation:

Base Salaries:

Base salaries are used to compensate the executive for services rendered during the year. Generally, we believe that executive base salaries should account for a relatively modest portion of each individual s total compensation package. Because we start our process with determining an appropriate level of total compensation, we do not target base salaries to any specific level. We did, however, use information in the NAREIT Survey and the reports prepared by Mercer as a guide to confirm that the base salaries are within market parameters. Base salaries are reviewed annually at the beginning of each calendar year, and are adjusted from time to time to realign salaries with market levels and to take into account individual responsibilities, performance and experience. Base salaries for each of Mr. Wood, Ms. Becker, Mr. Berkes and Mr. Blocher were increased to $850,000, $400,000, $375,000 and $300,000, respectively for 2010. The base salary increases for Mr. Wood, Ms. Becker and Mr. Berkes were the first base salary increases they had received since 2007. The Committee determined that these base salary increases were warranted based on both company and individual performance and appropriately reflected market conditions for these individuals. The increase in base salary for Ms. Becker also reflected her promotion in 2010 to Chief Operating Officer of the Trust.

Annual Bonus:

Annual bonuses for all of our named executive officers are determined each year in accordance with our Annual Incentive Bonus Plan (Annual Bonus Plan) that covers about 95% of our employees. The Annual Bonus Plan is intended to compensate our named executive officers for achieving an annual level of FFO per

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share that is consistent with our business objectives for that year and for achieving individual annual performance objectives as subjectively evaluated: (a) by the Board with respect to our CEO; and (b) by our CEO with respect to each of the other named executive officers.

Under our Annual Bonus Plan, each of our named executive officers and other employees has a targeted bonus equal to a percentage of the person s base salary. For 2010, the targeted bonuses for our named executive officers were 150% of base salary for Mr. Wood, 75% of base salary for each of Ms. Becker and Mr. Blocher and 50% of base salary for Mr. Berkes. Each of our named executive officers could earn from 0% to 125% of his or her targeted bonus amount depending on the level of FFO we achieve for the calendar year as well as individual performance.

The level of FFO per share that must be achieved for our named executive officers to earn an annual bonus is set at the beginning of each year by the Compensation Committee after a thorough review and discussion of our budget for that year. FFO is widely accepted in the REIT industry as an accurate reflection of operating performance on an annual basis and as a result, we believe FFO is an appropriate metric to use for determining short-term financial success which is being rewarded in annual performance bonuses. The following chart shows for each named executive officer his or her potential annual bonus depending on the level of FFO we achieved during calendar year 2010 and the final annual bonus earned based on our 2010 results:

	Potential Bonus Payout				
NEO	**FFO Below $3.80 per share**	**FFO at $3.80 per share**	**FFO at $3.85 per share**	**FFO at $3.90 per share**	**Actual Payout**
Wood	$ 0	$ 956,250	$ 1,275,000	$ 1,593,750	$ 1,402,500
Becker	$ 0	$ 225,000	$ 300,000	$ 375,000	$ 330,000
Berkes	$ 0	$ 140,625	$ 187,500	$ 234,375	$ 206,250
Blocher	$ 0	$ 168,750	$ 225,000	$ 281,250	$ 247,500

Payout amounts are interpolated for any results in between the foregoing amounts. The Compensation Committee set these levels of FFO per share in February 2010 and excluded the impact of a pending litigation matter which was not possible of being estimated at the time these levels were established. We achieved actual FFO per share for 2010, excluding the impact of reversing an accrual for the litigation matter, of $3.87 which, under the terms of the Annual Bonus Plan, resulted in bonuses being paid at 88% of the maximum potential payout.

The Committee determined that each of our named executive officers should receive the full amount of the annual bonus to which he or she was entitled. The determination was made with respect to Mr. Wood based on the Board s evaluation of his performance taking into consideration our financial results for the year and Mr. Wood s effectiveness in leading the company, long-term strategic planning, succession planning, relationship with the Board, and relationship with shareholders and other stakeholders. With respect to each of the other named executive officers, the Committee accepted Mr. Wood s recommendation that each of them be paid the full amount of annual bonus to which he or she was entitled. Mr. Wood s recommendation to pay each of Ms. Becker, Mr. Berkes and Mr. Blocher a full bonus was based on his subjective assessment of each individual s contributions to the Trust s performance in 2010 in their respective job functions. Those contributions included, without limitation, the following: (a) Ms. Becker s oversight of the day to day operations of the Trust that resulted in year over year increases in FFO, FFO per share and property operating income and improvements in same store property operating income growth; (b) Mr. Berkes oversight in the investment of approximately $60 million in the acquisition of new properties and in the acquisition or additional ownership positions in a number of our existing properties; and (c) Mr. Blocher s role in the continued management of our balance sheet, including the funding of our new investments, and overall management of our general and administrative expenses.

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Under our Annual Bonus Plan, the named executive officers (other than Mr. Berkes) and approximately 41 other employees have the option to receive up to 25% of the annual bonus in the form of Shares that vest equally over three years. The amount an individual elects to receive in Shares is paid out at 120% of that amount in consideration of the extended vesting. For 2010, each of Mr. Wood, Ms. Becker and Mr. Blocher elected to receive 20% of their annual bonus amounts in Shares. Pursuant to his compensation arrangement approved in 2009, Mr. Berkes was not eligible to receive any portion of his 2010 annual bonus in the form of Shares. The cash portion of the annual bonuses is reflected in the Non-Equity Incentive Plan Compensation column in the Summary Compensation Table in this proxy statement. The stock portion of these annual bonuses will be included in the Summary Compensation Table and Grants of Plan-Based Awards Table in next year s proxy statement.

Under his compensation plan approved in 2009, Mr. Berkes was also eligible in 2010 to receive a supplemental annual bonus that is calculated based on the volume of acquisitions completed by the Trust during calendar year 2010. We did not exceed the threshold level of $100,000,000 of acquisitions in 2010 and as a result, Mr. Berkes was not entitled to receive any supplemental acquisitions bonus for 2010.

Annual Long-Term Equity Incentives:

We believe that outstanding long-term performance is achieved through an ownership culture that encourages a focus on long-term performance by our executive officers through the use of equity-based awards. Long-term incentive awards are made annually to all officers and participants in our leadership education and development program under our Long-Term Incentive Award Program (LTIAP). This program was structured to align the most significant portion of compensation for our senior management team, including our named executive officers, with the creation of long-term shareholder value. Recipients of awards under this program realize value over a minimum 6-year time horizon comprised of a 3-year performance period followed by a minimum of a 3-year vesting period. We believe that the combination of this extended period with the requirements described above for our named executive officers to continually hold a meaningful equity position in the company creates a strong long-term alignment of interests between our named executive officers and our shareholders.

The performance metrics used under the LTIAP, the levels of performance required to be achieved for our named executive officers to earn an LTIAP award and the performance actually achieved for the three year period from January 1, 2008 through December 31, 2010 are set forth below:

Performance Measure	Award Weighting	Threshold	Target	Stretch	Actual Achieved
Relative Total Shareholder Return v. BBRESHOP(a)	50%	40th percentile	60th percentile	80th percentile	91st percentile
Absolute Total Shareholder Return (a)	25%	8.00%	10.00%	12.00%	2.17%
Return on Invested Capital	25%	9.25%	9.50%	9.75%	9.75%

(a) Total return takes into account both stock price appreciation and dividends assuming all dividends are reinvested.

The Compensation Committee believes that relative total shareholder return, absolute total shareholder return and return on invested capital are appropriate metrics to use for rewarding long-term performance. The relative shareholder return metric reflects how well we have performed for our shareholders as compared to other companies facing the same general market dynamics. The Compensation Committee determined that the BBRESHOP was the best index to use because the BBRESHOP is an industry index made up of primarily companies that own and operate strip shopping centers whose businesses are most closely aligned with ours. Absolute shareholder return measures whether we have actually created any value for our shareholders during this time while return on invested capital determines how effectively we have invested our shareholders capital.

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These performance metrics support the objectives of the company and the LTIAP and have remain unchanged from prior years.

The potential LTIAP payments for both Mr. Wood and Ms. Becker at the various levels of performance for each of the performance metrics under the LTIAP and the amounts earned by each of Mr. Wood and Ms. Becker for the prior 3-year period are set forth in the following table:

	Threshold	Target	Stretch	Actual Award
Donald Wood				
Relative Total Return	$ 1,000,000	$ 2,000,000	$ 3,000,000	$ 3,000,000
Absolute Total Return	$ 500,000	$ 1,000,000	$ 1,500,000	$ 0
Return on Invested Capital	$ 500,000	$ 1,000,000	$ 1,500,000	$ 1,500,000
Total Potential Award	$ 2,000,000	$ 4,000,000	$ 6,000,000	$ 4,500,000
Dawn Becker				
Relative Total Return	$ 125,000	$ 250,000	$ 375,000	$ 375,000
Absolute Total Return	$ 62,500	$ 125,000	$ 187,500	$ 0
Return on Invested Capital	$ 62,500	$ 125,000	$ 187,500	$ 187,500
Total Potential Award	$ 250,000	$ 500,000	$ 750,000	$ 562,500

The Compensation Committee approved paying each of Mr. Wood and Ms. Becker the full amount of the LTIAP award to which they were entitled. The Compensation Committee has the discretion to increase or decrease any LTIAP award by up to 20% to reflect individual performance but did not exercise that discretion for the 2010 LTIAP awards for either Mr. Wood or Ms. Becker. For 2010, neither Mr. Berkes nor Mr. Blocher was eligible to receive an award under the LTIAP.

Despite the Compensation Committee s approval of paying a full LTIAP award to Mr. Wood, Mr. Wood voluntarily requested that the award be reduced by $800,000 and that the Committee use that $800,000 to make new equity awards to certain members of senior management, including the other named executive officers, and that those new awards be structured in a way to provide additional retention value for the other members of senior management and include a non-solicitation agreement by those members of senior management. Mr. Wood made that recommendation because of his belief that retaining the current members of senior management is important to the Trust s ability to take advantage of future opportunities to create shareholder value and that providing that retention value should not be done at any additional expense to the company. The Compensation Committee approved Mr. Wood s recommendation and decreased his LTIAP award for 2010 to $3,700,000.

The LTIAP awards are made in the form of restricted Shares that vest in equal installments over a three-year period; however, each individual can elect to take up to 50% of his or her award in the form of options which vest equally over five years. Although the Compensation Committee believes that paying these awards in restricted Shares provides the most retention value for employees, it has agreed to permit individuals to elect to take up to 50% of the award in options in order to give the individual employee some ability to structure his or her own equity compensation in a way that best matches the individual s needs and provides the most value to that individual. The Compensation Committee has concluded that individual employees place value in having the ability to match the form of their equity compensation to their individual financial objectives and that this value to employees outweighs any diminution in the retention value of LTIAP awards by permitting up to 50% to be paid in options. Shares or options are issued under the LTIAP only after all performance has been achieved and thereafter, the Shares or options are subject to time-based vesting. Dividends are paid on all Shares issued under the LTIAP.

Each of Mr. Wood and Ms. Becker elected to take the entirety of their 2010 LTIAP award in Shares. The number of Shares actually awarded to each individual was determined by dividing the amount of the award by

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$81.98, the closing price of our stock on the NYSE on February 10, 2011, the date the award was made. There is no amount included in the Summary Compensation Table or Grants of Plan-Based Awards Table in this proxy statement for these awards to Mr. Wood or Ms. Becker. The LTIAP awards reflected in the Summary Compensation Table and the Grants of Plan-Based Awards Table in this proxy statement relate to performance for the 3-year period ending December 31, 2009.

Retention/Non-Solicitation Awards:

Pursuant to Mr. Wood s recommendation as described above, in February 2011 the Compensation Committee approved restricted Share awards of $200,000 for each of Ms. Becker, Mr. Berkes and Mr. Blocher in exchange for a non-solicitation agreement by each of these individuals. Fifty percent (50%) of these Shares will vest at the end of four years with the remaining fifty percent (50%) vesting at the end of six years so long as the named executive officer is employed by us at the time of the vesting. Vesting of these Shares will be accelerated in the event of a change in control transaction. The number of Shares actually awarded to each individual was determined by dividing the amount of the award by $81.98, the closing price of our stock on the NYSE on February 10, 2011, the date the award was made. There is no amount included in the Summary Compensation Table or Grants of Plan-Based Awards Table in this proxy statement for these awards.

Chief Executive Officer Compensation:

In February 2010, the Compensation Committee set Mr. Wood s annual compensation with a base salary of $700,000, a target annual bonus of 100% of his base salary resulting in a potential annual bonus payout ranging from $525,000 to $875,000, and a target annual LTIAP award of $2,000,000 resulting in a potential LTIAP award ranging from $1,000,000 to $3,000,000. During the course of 2010, Mr. Wood was being actively recruited by other companies and the Board determined that it was in the best interest of the Trust and our shareholders to retain Mr. Wood s services and that a key part of that retention was to ensure that Mr. Wood s compensation package was appropriate given the current market environment. The Compensation Committee retained Mercer to benchmark other comparable real estate companies and make recommendations on a compensation package that was reflective of the current market for Mr. Wood s services. In October 2010, after taking into account the information in Mercer s report, our historical outperformance over the last decade in terms of shareholder value creation and the prospects for continued outperformance in the future, the active recruiting for Mr. Wood s services in the marketplace and the related strong desire to retain Mr. Wood, and the ability of Mr. Wood and the current senior management team to take advantage of future opportunities to increase shareholder value, the Board modified Mr. Wood s compensation package as follows: (a) increased base salary to $850,000 effective November 1, 2010; (b) set Mr. Wood s target annual bonus at 150% of base salary effective for calendar year 2010, creating a range for a potential bonus payout from $956,250 to $1,593,750; and (c) set Mr. Wood s target equity award under the LTIAP at $4,000,000 creating a range for a potential LTIAP award from $2,000,000 to $6,000,000.

In addition, the Board approved on October 12, 2010 a restricted Share award to Mr. Wood having a value of $5,000,000 in exchange for Mr. Wood s agreeing to a one-year non-compete and non-solicitation in the event he left the company. The shares vest on October 12, 2015 so long as Mr. Wood is employed by us at that time with vesting accelerated in the event of a change in control transaction or a termination without cause. Given the active recruitment of Mr. Wood that occurred in 2010, the Board determined that this award was warranted both to provide additional value to retain Mr. Wood s services for a longer period of time as well as to ensure that if he did choose to leave, he would not engage in competitive behavior that would be harmful to the Trust nor would he be able to take with him for a period of time other employees of the Trust, including senior management, whose departure from the Trust concurrently with Mr. Wood s departure could be detrimental to the Trust s short and long-term success.

We purchased for Mr. Wood in 1998 a split dollar life insurance policy and consistent with the terms of that arrangement approved by the Compensation Committee in 1998, we continued to hold in 2010 an outstanding interest free loan for the benefit of Mr. Wood secured by that split dollar life insurance policy. We reflect the amount of interest that would have been payable by Mr. Wood on that loan in 2010 under the All Other Compensation column of Summary Compensation Table. We also have an agreement in place with Mr. Wood (Health Coverage Continuation Agreement) pursuant to which we have agreed to provide to Mr. Wood, his spouse and his dependents continuation of health coverage after Mr. Wood s termination upon death, disability, retirement, change in control or otherwise (other than a termination with cause or resignation). The coverage will continue as to Mr. Wood and his spouse until their death, or with respect to his spouse until divorce, if earlier. As to Mr. Wood s children, coverage will continue as to three of the children until each reaches age twenty-five and as to one of the children, until her death. The continued medical coverage is required to be at least the same level as provided to Mr. Wood and his family at the time of his termination and such coverage will be secondary to certain other coverages that may be available to Mr. Wood and his family. The Compensation Committee has determined that these perquisites and other personal benefits are a relatively small portion of Mr. Wood s overall compensation, are reasonable in light of the total compensation package for Mr. Wood and are consistent with our compensation objectives of creating programs that will allow us to retain talented executives.

Timing of Equity Grants:

Equity awards to our employees under our Annual Bonus Plan and LTIAP described above are made at the Compensation Committee s meeting that occurs sometime in February of each calendar year. Whether these awards are made before or after we release financial results for the prior fiscal year depends solely on when the Compensation Committee meets in relation to the meetings of the Board and the Audit Committee, the dates for all of which are set during the preceding year. We have no policy that times the granting of equity awards relative to the release of material non-public information. Equity awards to new hires are generally made on the first day on which the employee starts work and equity awards to employees who are promoted generally are made on the day on which the promotion has been fully approved. All of our options are awarded at the closing price of our Shares on the NYSE on the date the award is made. The Compensation Committee has never re-priced options, granted options with an exercise price that is less than the closing price on the NYSE on the date of the grant or granted options which are priced on a date other than the grant date. Equity awards for Vice Presidents and above for performance through 2010 were made at the Compensation Committee s meeting on February 10, 2011 based on the closing price of our Shares on the NYSE on that date.

Termination and Change-in-Control Arrangements:

We have agreements in place with each of our named executive officers providing for various payments and benefits to be made to them if there is a change in control or their employment with us is terminated for certain reasons. The circumstances in which payments may be made and the potential amounts of those payments are described in more detail in the Potential Payments on Termination of Employment and Change-in-Control section below. We believe that the payments provided for in these agreements are reasonable and appropriate as part of the total compensation packages available for our named executive officers.

Deductibility of Executive Compensation in Excess of $1.0 Million:

Section 162(m) of the Internal Revenue Code generally prohibits any publicly held corporation from taking a federal income tax deduction for compensation in excess of $1 million in any taxable year to an executive officer who is named in the Summary Compensation Table. Exceptions are made for qualified performance-based compensation, among other things. In structuring our compensation programs, the Compensation Committee considers this Section 162(m) exception; however, the Compensation Committee does not believe that it is necessarily in our best interests and the best interests of our shareholders for all compensation to meet the requirements of Section 162(m) for deductibility. As a result, the Compensation Committee has determined that it is appropriate at times to make compensation awards that are non-deductible under Section 162(m). Further, because of ambiguities and uncertainties under Section 162(m), we cannot give any assurance that compensation that we intend to satisfy the requirements for deductibility under Section 162(m) will in fact be deductible.

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COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

Submitted by:

David W. Faeder, Chairman

Kristin Gamble

Gail P. Steinel

Joseph S. Vassalluzzo

SUMMARY COMPENSATION TABLE

The following table summarizes the total compensation earned by each of the named executive officers for the fiscal years ended December 31, 2010, 2009 and 2008, in accordance with current SEC rules. The Summary Compensation Table below does not include the value of the Shares issued to our named executive officers on February 10, 2011 for the performance period ending December 31, 2010. Those awards will appear in next year s proxy statement in the Grants of Plan-Based Awards Table as well as the Stock Awards column of the Summary Compensation Table. The cash portion of the annual bonuses awarded pursuant to the Annual Bonus Plan in February 2011 based on 2010 performance is included below in the Non-Equity Incentive Plan Compensation column.

Name and Principal Position	Year	Salary ($) (1)	Stock Awards ($) (2)	Option Awards ($) (2)	Non-Equity Incentive Plan Compensation ($) (3)	All Other Compensation ($) (4)	Total ($)
Donald C. Wood, President and Chief Executive Officer (PEO)	2010	$ 726,154	$ 7,895,004	$	$ 1,122,000	$ 19,334	$ 9,762,492
	2009	$ 650,000	$ 1,203,005	$ 1,125,003	$ 487,500	$ 45,502	$ 3,511,010
	2008	$ 650,000	$ 2,850,361	$ 900,000	$ 260,000	$ 50,646	$ 4,711,007
Andrew P. Blocher, Senior Vice President-Chief Financial Officer and Treasurer (PFO)	2010	$ 300,000	$ 113,501	$	$ 198,000	$ 10,247	$ 621,748
	2009	$ 260,000	$ 720,246	$ 299,999	$ 156,000	$ 8,586	$ 1,444,831
	2008	$ 225,000	$ 114,876	$ 59,997	$ 50,625	$ 8,001	$ 458,499
Dawn M. Becker, Executive Vice President-Chief Operating Officer; General Counsel and Secretary	2010	$ 400,000	$ 143,962	$	$ 264,000	$ 10,726	$ 818,688
	2009	$ 300,000	$ 33,740	$	$ 180,000	$ 9,765	$ 523,505
	2008	$ 300,000	$ 998,028	$ 405,002	$ 84,375	$ 10,189	$ 1,797,594
Jeffrey S. Berkes, Executive Vice President-Chief Investment Officer	2010	$ 375,000	$ 45,030	$	$ 206,250	$ 12,011	$ 638,291
	2009	$ 350,000	$ 31,480	$	$ 150,000	$ 10,056	$ 541,536
	2008	$ 350,000	$ 60,761	$	$ 105,000	$ 10,646	$ 526,407

(1) Amounts shown in the Salary column include all amounts deferred at the election of the named executive officers into our non-qualified deferred compensation plan.

(2) Amounts shown in the Stock Awards and Options Awards columns reflect the aggregate grant date fair value of the awards calculated in accordance with FASB ASC Topic 718 for the fiscal years ended December 31, 2010, 2009 and 2008. For a discussion of the valuation of these awards, please refer to Note 14 in the notes to our consolidated financial statements in our Annual Report on Form 10-K filed on February 15, 2011.

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(3) Amounts shown in this column represent only the cash portion paid under our Annual Bonus Plan for 2010, 2009 and 2008 and include amounts deferred by our named executive officers into our non-qualified deferred compensation plan. For 2010, each of Mr. Wood, Mr. Blocher and Ms. Becker received 80% of his or her Annual Bonus in cash and Mr. Berkes received 100% of his bonus in cash. For 2009, Mr. Wood received 75% of his annual bonus in cash and each of Mr. Blocher, Ms. Becker and Mr. Berkes received 80% of his or her annual bonus in cash. For 2008, each of Mr. Wood and Mr. Berkes received 80% of his Annual Bonus in cash and each of Mr. Blocher and Ms. Becker received 75% of his or her Annual Bonus in cash. The remaining amounts earned under the Annual Bonus Plan in 2010, 2009 and 2008 were paid in Shares in an amount equal to 120% of the cash value in consideration of a 3-year vesting schedule. The aggregate Annual Bonus paid to each of the named executive officers for 2010 including both cash and Shares is as follows:

2010 Annual Incentive Bonus Information

Name	Annual Incentive Bonus Awarded	Amount Paid in Cash	Amount Paid in Shares	20% Premium Paid in Shares	Total Annual Incentive Bonus Paid	Number of Shares Issued
	($)	($)	($)	($)	($)	(#)
Donald C. Wood	$ 1,402,500	$ 1,122,000	$ 280,500	$ 56,100	$ 1,458,600	4,106
Andrew P. Blocher	$ 247,500	$ 198,000	$ 49,500	$ 9,900	$ 257,400	725
Dawn M. Becker	$ 330,000	$ 264,000	$ 66,000	$ 13,200	$ 343,200	966
Jeffrey S. Berkes	$ 206,250	$ 206,250	$	$	$ 206,250	0

The value of the Shares awarded in 2011 as part of the Annual Bonus for 2010, will be reflected in the Summary Compensation Table and Grant of Plan-Based Awards Table in next year s proxy statement.

(4) The amounts shown in this column for the last fiscal year include the amounts below. The group-term life insurance, long-term disability insurance and contributions to the 401K plan are provided to the named executive officers on the same terms, condition and scope as are available to all of our full-time employees.

ALL OTHER COMPENSATION TABLE

Name	Group Term Life Insurance	Long-Term Disability Insurance Premium	Supplemental Life Insurance	Trust Contributions to Section 401(k) Plan	Miscellaneous(a)	Total ($)
Donald C. Wood	$ 1,752	$ 1,066	$ 6,396	$ 6,125	$ 3,996	$ 19,335
Andrew P. Blocher	$ 405	$ 1,066	$ 2,059	$ 6,125	$ 592	$ 10,247
Dawn M. Becker	$ 481	$ 1,066	$ 3,054	$ 6,125	$	$ 10,726
Jeffrey S. Berkes	$ 578	$ 1,125	$ 4,183	$ 6,125	$	$ 12,011

(a) The amount shown in this column for Mr. Wood constitutes interest that would have been payable on an interest-free loan made in connection with a split-dollar life insurance agreement put in place for Mr. Wood in 1998. The amount shown in this column for Mr. Blocher includes the value of a gift card and applicable taxes paid by the Trust on the gift card. The gift card was given to Mr. Blocher for his 10 years of service in connection with the Trust s service award program applicable to all of our employees.

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2010 GRANTS OF PLAN-BASED AWARDS TABLE

The following Share awards were made in 2010. Awards made in 2011 to the named executive officers under the Annual Bonus Plan and LTIAP for either a one or three-year performance period ending December 31, 2010 will be reported in the Grants of Plan-Based Awards Table in next year s proxy statement.

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units	Grant Date Fair Value
		(#)	($)
Donald C. Wood	2/16/2010(1)	2,945	$ 195,018
	2/16/2010(2)	40,773	$ 2,699,988
	10/12/2010(3)	60,931	$ 4,999,998
Andrew P. Blocher	2/16/2010(1)	707	$ 46,818
	2/16/2010(2)	1,007	$ 66,684
Dawn M. Becker	2/16/2010(1)	815	$ 53,969
	2/16/2010(2)	1,359	$ 89,993
Jeffery S. Berkes	2/16/2010(1)	680	$ 45,030

(1) Issued under our Annual Bonus Plan. These Shares vest equally over 3 years.
(2) Issued under our LTIAP. These Shares vest equally over 3 years.
(3) Issued to Mr. Wood in exchange for a non-compete and non-solicitation agreement. These Shares vest on October 12, 2015.

2010 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END TABLE

	Option Awards				Stock Awards	
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
	(#)	(#)	($)		(#)	($)
Donald C. Wood	28,958	115,830(1)	$ 43.48	2/17/2019	60,931(4)	$ 4,748,353
	42,254	42,253(2)	$ 73.03	2/10/2018	40,773(5)	$ 3,177,440
	11,221	7,480(3)	$ 92.30	2/12/2017	17,249(1)	$ 1,344,215
	60,000	15,000(3)	$ 67.66	2/16/2016	18,485(2)	$ 1,440,536
					2,945(6)	$ 229,504

					1,196(6)	$ 93,204
					686(6)	$ 53,460
Andrew P. Blocher	0	42,313(1)	$ 43.48	2/17/2019	1,007(5)	$ 78,476
	2,249	3,374(2)	$ 73.03	2/10/2018	16,099(1)	$ 1,254,595
	2,953	1,968(3)	$ 92.30	2/12/2017	411(2)	$ 32,029
	4,500	1,125(3)	$ 67.66	2/16/2016	707(6)	$ 55,097
					311(6)	$ 24,236
					114(6)	$ 8,884
Dawn M. Becker	0	39,941(2)	$ 73.03	2/10/2018	1,359(5)	$ 105,907
	6,562	1,641(3)	$ 67.66	2/16/2016	12,940(2)	$ 1,008,414
	20,000	0	$ 28.01	2/12/2013	815(6)	$ 63,513
					517(6)	$ 40,290
					242(6)	$ 18,859
Jeffrey S. Berkes	4,687	2,344(3)	$ 67.66	2/16/2016	680(6)	$ 52,992
	4,210	0	$ 28.01	2/12/2013	483(6)	$ 37,640
					277(6)	$ 21,587
					13,001(7)	$ 1,013,168

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(1) These options and Shares were issued on February 17, 2009 under the LTIAP for 2008. For Mr. Wood the options vest equally over 5 years and the Shares vest equally over 3 years. One-fifth of these options and one-third of these Shares vested on each of February 17, 2010 and 2011 with the remaining three-fifths of the options scheduled to vest on each of February 17, 2012, 2013 and 2014 and the remaining one-third of the Shares scheduled to vest on February 17, 2012. For Mr. Blocher, the options and Shares vest over 5 years with no vesting for the first two years. One-third of the options and Shares are scheduled to vest on each of February 17, 2012, 2013 and 2014.

(2) The options and Shares were issued on February 10, 2008 under the LTIAP for 2007. For Mr. Wood the options and Shares vest equally over 4 years. One-fourth of these options and Shares vested on each of February 10, 2009, 2010 and 2011 with the remaining one-fourth of these options and Shares scheduled to vest on February 10, 2012. For Mr. Blocher the options vest equally over 5 years and the Shares vest equally over 3 years. One-fifth of these options vested on each of February 10, 2009, 2010 and 2011 with the remaining two-fifths of the options scheduled to vest on each of February 10, 2012 and 2013. One-third of these Shares vested on each of February 10, 2009, 2010 and 2011. For Ms. Becker the options and Shares vest over 5 years with no vesting for the first two years. One-third of these options and Shares vested on February 10, 2011 with the remaining two-thirds of these options and Shares scheduled to vest on each of February 10, 2012 and 2013.

(3) The options were issued under our LTIAP and vest equally over 5 years. One-fifth of the options granted on February 12, 2007 under the LTIAP for 2006 vested on each of February 12, 2008, 2009, 2010 and 2011 with the remaining one-fifth of the options scheduled to vest on February 12, 2012. One-fifth of the options granted on February 16, 2006 under the LTIAP for 2005 vested on each of February 16, 2007, 2008, 2009, 2010 and 2011.

(4) These Shares were issued on October 12, 2010 in exchange for a non-compete and non-solicitation agreement and vest on October 12, 2015.

(5) These Shares were issued on February 16, 2010 under the LTIAP for 2009 and vest equally over 3 years. One-third of these Shares vested on February 16, 2011 with the remaining two-thirds of the Shares scheduled to vest on each of February 17, 2012 and 2013.

(6) These Shares were issued under our Annual Bonus Plan and vest equally over 3 years. One-third of the Shares issued to each of our named executive officers on February 16, 2010 under the 2009 Annual Bonus Plan vested on February 16, 2011 with the remaining two-thirds of the Shares scheduled to vest on each of February 16, 2012 and 2013. Two-thirds of the Shares issued to each of our named executive officers on February 17, 2009 under the 2008 Annual Bonus Plan vested on each of February 17, 2010 and 2011 with the remaining one-third of the Shares scheduled to vest on February 17, 2012. All of the Shares issued to each of our named executive officers on February 10, 2008 under the 2007 Annual Bonus Plan vested on each of February 10, 2009, 2010 and 2011.

(7) These Shares vest equally over 5 years. Four-fifths of these Shares vested on February 16, 2008, 2009, 2010 and 2011 with the remaining one-fifth of these Shares scheduled to vest on February 16, 2012.

2010 OPTION EXERCISES AND STOCK VESTED

The following table includes certain information with respect to options exercised in 2010 by each named executive officer and Shares that vested during 2010.

	Option Awards		**Stock Awards**	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)**	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)**
Donald C. Wood	44,950	$ 2,646,477	29,092	$ 1,886,093
Andrew P. Blocher	0	$	1,021	$ 65,501
Dawn M. Becker	0	$	1,937	$ 125,214
Jeffrey S. Berkes	0	$	7,223	$ 465,852

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2010 NON-QUALIFIED DEFERRED COMPENSATION

We maintain a non-qualified deferred compensation plan that is open to participation by 23 members of our senior management team, including our named executive officers. Each participant can elect to defer up to 100% of his or her base salary and cash payment under our Annual Bonus Plan with deferral elections made in December of each year for amounts to be paid in the following year. A number of widely available investment options are made available to each plan participant who then decides how to allocate amounts deferred among those investment options. The amount earned by plan participants on their deferrals is calculated by our third party plan administrator as if the amounts deferred had actually been invested in the investment options selected by each participant. We do not make any contributions to the deferred compensation plan for any individual nor do we guaranty any rate of return on amounts deferred. Amounts deferred into the plan, including amounts earned on the deferrals, are generally payable to the participant shortly after he or she retires or is otherwise no longer employed by us; however, there are a few other alternatives where amounts may be paid to a participant sooner. We have an unsecured contractual obligation to each participant in the plan to pay him or her the actual amount he or she deferred into the plan together with a return calculated as if the deferred amounts had been invested in the investment options selected by the participant. We try to invest amounts deferred by participants into the same investment options in the same proportions as selected by the participant so that sufficient amounts will be available to pay each participant when required. The amounts deferred by Ms. Becker, Mr. Blocher and Mr. Wood into the plan in 2010 and earnings on plan investments in 2010 are described below. Mr. Berkes does not participate in our deferred compensation plan.

Name	Executive Contributions in Last Fiscal Year ($)	Registrant Contributions in Last Fiscal Year ($)	Aggregate Earnings in Last Fiscal Year ($)	Aggregate Withdrawals / Distributions ($)	Aggregate Balance at Last Fiscal Year-End ($)
Donald C. Wood	$ 150,000	$	$ 223,488	$	$ 1,996,640
Andrew P. Blocher	$ 13,000	$	$ 13,331	$	$ 101,750
Dawn M. Becker	$ 40,038	$	$ 64,566	$	$ 562,285

POTENTIAL PAYMENTS ON TERMINATION OF EMPLOYMENT AND CHANGE-IN-CONTROL

We have entered into agreements with each of our named executive officers that require us to make certain payments and provide certain benefits to them in the event of a termination of employment or change in control of the Trust. Regardless of the reason for a named executive officer s termination of employment, he or she will be entitled to receive upon termination all accrued but unused vacation pay and a distribution of any amounts in our non-qualified deferred compensation plan. No named executive officer is entitled to receive an award under the Annual Bonus Plan or the LTIAP for the year in which the termination occurs. Further, no named executive officer is entitled to receive an award under the Annual Bonus Plan or LTIAP for the year prior to the year of termination unless he or she is still employed when those awards are made in February of the following year. The agreements with each of our named executive officers contain provisions restricting the executive from engaging in competing behavior and soliciting and/or hiring our employees for a period of time after termination. The payments that will be made to a named executive officer vary depending on the reason for termination and are summarized below.

1. Payments on Voluntary Termination: On any voluntary termination of employment, the named executive officers receive no additional compensation and all unvested options and Shares are forfeited. Each named executive officer has one year after terminating employment to exercise all vested options (subject to the 10-year term of those options). With respect to Mr. Wood, all rights to receive extended health insurance coverage under the Health Coverage Continuation Agreement are terminated.

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2. Payments on Retirement: Upon retirement, our named executive officers receive no additional compensation. Although some of our agreements for Shares issued under our Annual Bonus Plan and our LTIAP provide for full or partial acceleration of the vesting of these Shares on retirement beginning at age 58, these provisions are not applicable to our named executive officers because all such Shares issued will have vested prior to any of our named executive officers reaching the age of 58. Each named executive officer has two years after retirement to exercise all vested options (subject to the 10-year term of those options), including options that vested as a result of retirement. In addition, Mr. Wood will receive the benefits described in his Health Coverage Continuation Agreement.

3. Payments on Death and Disability: Upon death, the estates of our named executive officers receive the amount of his or her then current salary through the month in which death occurs. In the event of disability, our named executive officers are entitled to receive payments for one year equal to the difference between his or her then current salary and the amount of any payments received under any disability policy we maintained for his or her benefit and to receive health benefits for one year. Those payments are subject to gross-up for taxes on any non-tax exempt payments. On death or disability, there is accelerated vesting of all Shares issued under the Annual Bonus Plan and all Shares and options issued under the LTIAP. This accelerated vesting is the same for all employees on a non-discriminatory basis who hold any Shares or options issued under the Annual Bonus Plan or the LTIAP. Each named executive officer or his or her beneficiary has two years after the executive s death or disability to exercise all vested options (subject to the 10-year term of those options), including options that vested as a result of the death or disability. In addition, Mr. Wood will receive the benefits described in his Health Coverage Continuation Agreement.

4. Payment on Termination for Cause: Upon termination for cause resulting from a failure to substantially perform his or her job responsibilities, each of our named executive officers is entitled to receive one month of base salary for every year he or she has been employed by us over 5 years up to a maximum of 6 months of base salary and to receive health benefits for that same time period. Our named executive officers are not entitled to receive any compensation on a termination with cause for any reason other than failure to perform. On a termination for cause, any unvested Shares issued under the Annual Bonus Plan and unvested Shares and options issued under the LTIAP are forfeited. In addition, the right to exercise any previously vested options issued under the LTIAP immediately terminates. With respect to Mr. Wood, all rights to receive extended health insurance coverage under the Health Coverage Continuation Agreement are terminated.

5. Termination without Cause: Upon a termination without cause, each of our named executive officers is entitled to receive the following:

- A lump sum cash payment equal to a multiple of the highest base salary and the highest annual cash bonus earned by the named executive officer in the prior three year period. For Ms. Becker and Messrs. Berkes and Blocher, the multiple is 1 time and for Mr. Wood, the multiple is 1.5 times

- Continuation of health, welfare and other benefits such as administrative assistance for a period of 9 months

- Outplacement assistance for a period of 9 months

In addition, the vesting of all unvested Shares issued under the Annual Bonus Plan and all unvested Shares and options issued under the LTIAP is accelerated for each of our named executive officers. This accelerated vesting is the same for all employees on a non-discriminatory basis who hold any Shares or options issued under the Annual Bonus Plan or the LTIAP. Notwithstanding the foregoing, the award made to Mr. Blocher under the LTIAP in 2009 only provides for accelerated vesting on a termination without cause if Mr. Wood is not our Chief Executive Officer at the time of such termination. Each named executive officer has one year after the executive s termination to exercise all vested options (subject to the 10-year term of those options), including options that vested as a result of the termination. In addition, Mr. Wood will receive the benefits described in his Health Coverage Continuation Agreement.

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6. Change of Control: Upon a change of control, each named executive officer is entitled to receive the following payments so long as he or she is terminated from employment or leaves for good reason within a specified time frame after the change of control or voluntarily leaves employment within the thirty day window following the 1-year anniversary of the change of control. The specified time frame is two years for Ms. Becker, Mr. Berkes and Mr. Wood and 18 months for Mr. Blocher:

- A lump sum cash payment equal to a multiple of the highest base salary and highest annual cash bonus earned by the named executive officer in the prior three year period. For Ms. Becker and Mr. Berkes the multiple is 2 times, for Mr. Blocher the multiple is 1.5 times and for Mr. Wood, the multiple is 3 times

- Continuation of health, welfare and other benefits such as administrative assistance for a period of 2 years for Ms. Becker and Mr. Berkes, 18 months for Mr. Blocher and 3 years for Mr. Wood

- Continued use of any company owned automobile for 3 years for Mr. Wood

- An amount equal to the excise tax charged to the named executive officer as a result of receiving any change of control payments plus an additional gross-up amount sufficient to pay the taxes to be paid by the named executive officer on the excise tax payment received

In addition, if the named executive officer is terminated within one year after the change of control, the vesting of all unvested Shares issued under the Annual Bonus Plan and all unvested Shares and options issued under the LTIAP is accelerated. This accelerated vesting is the same for all employees on a non-discriminatory basis who hold any Shares or options issued under the Annual Bonus Plan or the LTIAP. Each named executive officer has one year after the executive s termination to exercise all vested options (subject to the 10-year term of those options), including options that vested as a result of the termination. In addition, Mr. Wood will receive the benefits described in his Health Coverage Continuation Agreement.

Under our 2001 and 2010 Plans, a change of control is deemed to have occurred when a person acquires a 20% interest in us, or our current Trustees, or those subsequently approved by our current Trustees, constitute less than two-thirds of our Board.

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The amount of compensation payable to each of the named executive officers under various termination scenarios is reflected below. The following table does not include amounts for accrued but unused vacation pay or the distribution of any amounts in our non-qualified deferred compensation plan because all employees or participants in the applicable plan are entitled to the same benefit on a non-discriminatory basis. Our corporate policy permits employees, including our named executive officers, to accrue up to eight weeks of unused vacation time. The amounts shown below assume that the termination was effective on December 31, 2010 and therefore, includes all amounts earned to that date as well as an estimate of amounts that would be payable upon the termination.

	Cash Payment	Medical Benefits(1)	Accelerated Equity(2)	Other Benefits(3)	Excise Tax Gross-Up	Total
Wood						
Death	$	$ 790,000	$ 11,681,039	$	$	$ 12,471,039
Disability(4)	$ 1,013,855	$ 1,022,033	$ 11,681,039	$	$	$ 13,716,927
TWOC	$ 3,378,750	$ 1,050,275	$ 11,681,039	$ 51,846	$	$ 16,161,910
Termination for Cause	$ 425,000	$ 13,517	$	$	$	$ 438,517
CIC	$ 6,757,500	$ 1,111,100	$ 11,681,039	$ 103,691	$	$ 19,653,330
Blocher						
Death	$	$	$ 1,240,341	$	$	$ 1,240,341
Disability(4)	$ 117,359	$ 21,490	$ 1,240,341	$	$	$ 1,379,190
TWOC	$ 547,500	$ 16,118	$ 240,357	$ 34,729	$	$ 838,704
Termination for Cause	$ 125,000	$ 8,954	$	$	$	$ 133,954
CIC	$ 821,250	$ 32,235	$ 1,240,341	$ 34,729	$	$ 2,128,555
Becker						
Death	$	$	$ 1,547,253	$	$	$ 1,547,253
Disability(4)	$ 280,359	$ 12,314	$ 1,547,253	$	$	$ 1,839,926
TWOC	$ 730,000	$ 9,235	$ 1,547,253	$ 46,280	$	$ 2,332,768
Termination for Cause	$ 200,000	$ 6,157	$	$	$	$ 206,157
CIC	$ 1,460,000	$ 24,628	$ 1,547,253	$ 69,420	$	$ 3,101,301
Berkes						
Death	$	$	$ 1,305,004	$	$	$ 1,305,004
Disability(4)	$ 261,473	$ 23,706	$ 1,305,004	$	$	$ 1,590,183
TWOC	$ 581,250	$ 17,780	$ 1,305,004	$ 47,336	$	$ 1,951,370
Termination for Cause	$ 156,250	$ 9,878	$	$	$	$ 166,128
CIC	$ 1,162,500	$ 47,413	$ 1,305,004	$ 71,003	$	$ 2,585,920

(1) Amounts in this column represent our estimate of the COBRA equivalent to provide the same benefits as being provided to each named executive officer at December 31, 2010 for the required time period. This estimate was determined by us with input from our health insurance broker and health coverage insurer to confirm that our estimate was consistent with the market cost of providing a stand-alone health insurance program with similar coverage. Because our health insurance program includes a self-insured retention, it is impossible to determine the exact cost to us of the continued health insurance. We believe the COBRA equivalent is the best possible measure of potential costs for these benefits. For Mr. Wood, this column also includes the following estimated costs (calculated in accordance with GAAP) pursuant to the Health Continuation Coverage Agreement with Mr. Wood: $790,000 in the event of death; $995,000 in the event of disability; and $1,030,000 in the event of termination without cause and change in control.

(2) Amounts in this column were calculated by multiplying the number of unvested Shares and options that vest on the occurrence of the specified event as of December 31, 2010 by the value for each Share and option determined in accordance with the FASB ASC Topic 718.

(3) Amounts in this column include the following: (a) the annual cost of administrative assistance in the amount of $88,691, $77,560, $79,670 and $54,457 for Mr. Wood, Ms. Becker, Mr. Berkes and Mr. Blocher, respectively. These amounts are based on current personnel costs for executive administrative assistants and assume that each individual has full time use of an assistant; and (b) annual outplacement costs of $15,000 based on a current estimate of these costs. There are no additional incremental costs to us for continuing to provide these individuals with office space, e-mail capability or a telephone.

(4) The cash severance payment includes an incremental payment of $622,000 plus $391,855 as a tax gross-up for Mr. Wood, an incremental payment of $72,000 plus $45,359 as a tax gross-up for Mr. Blocher, an incremental payment of $172,000 plus $108,359 as a tax gross-up for Ms. Becker and an incremental payment of $147,000 plus $114,473 as a tax gross-up for Mr. Berkes.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Compensation Committee consists of Mr. Faeder, Ms. Gamble, Ms. Steinel and Mr. Vassalluzzo. There are no Compensation Committee interlocks and no member of the Compensation Committee serves, or has in the past served, as an employee or officer of the Trust.

ITEM 3

ADVISORY VOTE ON THE COMPENSATION OF THE NAMED EXECUTIVE OFFICERS

A proposal will be presented at the Annual Meeting asking shareholders to approve on an advisory basis the compensation of our named executive officers as described in the Compensation Discussion and Analysis (CD&A), the Summary Compensation Table, the supplemental tables and the disclosure narratives accompanying these sections of this proxy statement.

Our compensation philosophy is designed to attract and retain top level real estate professionals and to motivate those professionals to achieve superior results for us and our shareholders. Our compensation packages include base salaries, annual incentive compensation, long-term incentives and various other benefits and perquisites. We believe our compensation programs and policies are appropriate and effective in implementing our compensation philosophy and in achieving our goals and that they are aligned with the interests of our shareholders. In considering whether to approve this proposal, we believe our shareholders should consider the following:

1. A significant portion of our named executive officers compensation is directly linked to our performance and the creation of long-term shareholder value through long-term incentive awards. The value of these awards is only recognized over a 6-year period that consists of a 3-year performance period plus a 3-year vesting period.

2. The compensation of our named executive officers is strongly tied to our performance and to the performance of the individual. The annual incentive compensation is only paid if we achieve our annual FFO objective with payment over the past three years being made from 50-110% of target and long-term incentives are earned on the basis of our absolute and relative shareholders returns as well as our return on invested capital.

3. We have an appropriate balance of pay between short-term and long-term objectives.

4. Our Chief Executive Officer, Chief Operating Officer and Chief Financial Officer are incentivized to act in the best long-term interests of the Trust through stock ownership guidelines.

5. We have no perquisites for our named executive officers that are not widely available to other employees.

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We are requesting your advisory and non-binding approval of the compensation of our named executive officers for 2010 as disclosed in the CD&A, the Summary Compensation Table, the supplemental tables and the disclosure narratives accompanying these sections of this proxy statement. This proposal allows our shareholders to express their opinions regarding the decisions made by the Compensation Committee on the annual compensation to the named executive officers for 2010; however, because the vote on this proposal is advisory in nature and is not intended to address any specific element of compensation, it will not affect any compensation already paid or awarded to any named executive officer for 2010 and will not be binding on the Compensation Committee, the Board or the Trust. The Board and our Compensation Committee value the opinions of our shareholders and will review the results of this vote and take them into consideration in addressing future compensation policies and decisions.

Our shareholders have the opportunity at our Annual Meeting to vote, in person or by proxy, on the following:

RESOLVED, that the shareholders of the Trust hereby approve, on an advisory basis, the compensation of our named executive officers as described in the Compensation Discussion and Analysis, the Summary Compensation Table, the supplemental tables and the narrative disclosures accompanying these materials as required by Item 402 of Regulation S-K.

The affirmative vote of a majority of votes cast at the Annual Meeting, in person or by proxy, is required to approve, on an advisory basis, this proposal. If you are a registered shareholder and fail to give any instructions on your proxy card on this matter, the proxies identified on the proxy card will vote FOR this proposal. An abstention or broker non-vote will have no effect on the outcome of the vote on this proposal.

THE BOARD OF TRUSTEES UNANIMOUSLY RECOMMENDS A VOTE FOR THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS AS DESCRIBED IN THE COMPENSATION DISCUSSION AND ANALYSIS, THE SUMMARY COMPENSATION TABLE, THE SUPPLEMENTAL TABLES AND NARRATIVE DISCLOSURES ACCOMPANYING THESE SECTIONS.

ITEM 4

ADVISORY VOTE ON THE FREQUENCY OF FUTURE VOTES ON

NAMED EXECUTIVE OFFICER COMPENSATION

A separate proposal will be presented at the Annual Meeting asking shareholders to elect, on an advisory, non-binding basis, how frequently we should conduct a non-binding shareholder advisory vote on the compensation of our named executive officers. You are being asked to vote on whether the shareholder vote on the compensation of our named executive officers should occur every one, two or three years. You will also have the choice to abstain from voting on this proposal.

We believe that our shareholders should have the opportunity to vote on the compensation of our named executive officers annually. An annual vote will allow us to get shareholder input every year on our compensation policies and practices and is consistent even with our long-term compensation focus given that our current compensation programs have a new 3-year performance period that begins each year.

We are providing you with an advisory, non-binding vote on the frequency of the shareholder vote on the compensation of our named executive officers. Although this vote is not binding on the Committee, the Board and the Committee value the opinions of our shareholders and will review the results of this vote and take them into consideration in determining how often to conduct the shareholder vote on the compensation of our named executive officers.

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At the Annual Meeting, you will have the opportunity to vote on whether we should conduct a non-binding advisory vote on executive compensation every year, every 2 years, every 3 years or to abstain from voting. Please note that when casting a vote on this proposal, you will not be voting to approve or disapprove the Board of Trustees recommendation.

If you are a registered shareholder and fail to give any instructions on your proxy card on this matter, the proxies identified on the proxy card will vote in accordance with the Board s recommendation. An abstention or broker non-vote will have no effect on the outcome of the vote on this proposal.

THE BOARD OF TRUSTEES UNANIMOUSLY RECOMMENDS THAT OUR SHAREHOLDERS APPROVE HOLDING THE SHAREHOLDER VOTE ON COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS ANNUALLY.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of December 31, 2010 regarding our equity compensation plans, all of which were approved by our shareholders.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (1) (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance (excluding securities reflected in column (a) (2)) (c)
Equity compensation plans approved by security holders	757,424	$ 62.09	2,386,374
Equity compensation plans not approved by security holders			
Total	757,424	$ 62.09	2,386,374

(1) Consists entirely of Shares authorized for issuance under the Amended and Restated 1993 Long-Term Incentive Plan (1993 Plan), the Amended and Restated 2001 Long-Term Incentive Plan and the 2010 Performance Incentive Plan (2010 Plan).
(2) Consists entirely of Shares authorized for issuance under the 2010 Plan.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Related Party Policies:

Our Code of Business Conduct requires that our Trustees and all of our employees deal with the Trust on an arms length basis in any related party transaction. All transactions between us and any of our Trustees, named executive officers or other vice presidents, or between us and any entity in which any of our Trustees, named executive officers or other vice presidents is an officer or director or has an ownership interest, must be approved in advance by the Audit Committee. Audit Committee approval is not required for us to enter into a lease with an entity in which any of our Trustees is a director, employee or owner of a company so long as the lease is entered into in the ordinary course of ours and the tenant s businesses and is negotiated at arms-length and on market terms.

Related Party Transactions:

None of our named executive officers had any indebtedness to the Trust as of March 17, 2011 or at any time during 2010.

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Mr. Thompson serves as the President and Chairman of the Board of Directors of Thompson Hospitality Corporation. Thompson Hospitality Corporation and its wholly owned subsidiaries, Austin Grill, LLC d/b/a Austin Grill and Thompson Tap Room, LLC d/b/a American Tap Room , lease from us approximately 17,400 square feet in three of the Trust s properties under leases that were negotiated prior to Mr. Thompson s joining the Board in July 2007. These leases were negotiated at arms length and reflected market conditions at the time each lease was signed. The three leases expire on June 30, 2015, December 31, 2016 and August 31, 2017. Austin Grill and American Tap Room collectively paid us approximately $899,000 in rent and other related charges in 2010 and we anticipate receiving approximately the same amount in rent and other related charges in 2011. The Board determined that Mr. Thompson met all independence requirements established by the NYSE, the SEC, the Trust s Corporate Governance Guidelines and other applicable rules and regulations during his service as a Trustee during 2010 as described in the Independence of Trustees section above.

Employment and change-in-control arrangements between the Trust and the named executive officers are described in the Potential Payments on Termination of Employment and Change-in-Control section above.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Our Trustees, executive officers and any persons who beneficially own more than 10% of our Shares are required by Section 16(a) of the Exchange Act to file reports of initial ownership and changes of ownership of our Shares with the SEC and with the NYSE. To our best knowledge, based solely on review of copies of such reports furnished to us and written representations that no other reports were required, the required filings of all such Trustees and executive officers were filed timely during 2010.

ANNUAL REPORT

A copy of our Annual Report on Form 10-K for the year ended December 31, 2010, including the financial statements and financial statement schedules (the Annual Report), is being mailed to shareholders with this proxy statement. The Form 10-K includes certain exhibits, which we will provide to you only upon request, addressed to Investor Relations at 1626 East Jefferson Street, Rockville, Maryland 20852. The request must be accompanied by payment of a fee to cover our reasonable expenses for copying and mailing the Annual Report. A copy of the Annual Report is also available online at *www.federalrealty.com*.

HOUSEHOLDING

The SEC permits a single set of annual reports and proxy statements to be sent to any household at which two or more shareholders reside unless we have received contrary instructions from shareholders. Each shareholder continues to receive a separate proxy card. This procedure, referred to as householding, reduces the volume of duplicate information shareholders receive and reduces mailing and printing costs. A number of brokerage firms have instituted householding. Only one copy of this proxy statement and the Annual Report will be sent to certain beneficial shareholders who share a single address, unless any shareholder residing at that address gave contrary instructions.

If any shareholder sharing an address with another shareholder desires at this time to receive a separate copy of this proxy statement and the Annual Report or wishes to receive a separate proxy statement and annual report in the future, or receives multiple copies of the proxy statement and Annual Report and wishes to receive a single copy, the shareholder should provide such instructions by calling our Investor Relations Department at (800) 937-5449, by writing to Investor Relations at 1626 East Jefferson Street, Rockville, Maryland 20852, or by sending an e-mail to Investor Relations at IR@federalrealty.com.

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SOLICITATION OF PROXIES, SHAREHOLDER PROPOSALS AND OTHER MATTERS

The cost of this solicitation of proxies will be borne by us. In addition to the use of the mail, we may solicit proxies in person and by telephone or facsimile, and may request brokerage houses and other custodians, nominees and fiduciaries to forward soliciting materials to the beneficial owners of Shares and reimburse them for their reasonable expenses. We may also hire a proxy solicitation firm at a standard industry compensation rate.

Proposals of shareholders intended to be presented at the 2012 Annual Meeting of Shareholders, including nominations for persons for election to the Board of Trustees, must be received by us no later than November 29, 2011 to be considered for inclusion in our proxy statement and form of proxy relating to such meeting.

The Trustees know of no other business to be presented at the Annual Meeting. If other matters properly come before the meeting, the persons named as proxies will vote on them in their discretion.

You are urged to complete, sign, date and return your proxy promptly to make certain your Shares will be voted at the Annual Meeting. For your convenience in returning the proxy, an addressed envelope is enclosed, requiring no additional postage if mailed in the United States. If you prefer, you may vote either by telephone (1-800-PROXIES or 1-800-776-9437) or on the Internet (www.voteproxy.com) by following the instructions on your proxy card.

For the Trustees,
Dawn M. Becker
Executive Vice President General Counsel and Secretary

YOUR PROXY IS IMPORTANT REGARDLESS OF THE NUMBER OF SHARES YOU OWN.

PLEASE SUBMIT IT TODAY.

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