

COUSINS PROPERTIES INC

Form DEF 14A

April 13, 2007

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

SCHEDULE 14A

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

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

Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

Cousins Properties Incorporated

(Name of Registrant as Specified In Its Charter)

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

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD MAY 14, 2007**

To our Stockholders:

The Annual Meeting of Stockholders of Cousins Properties Incorporated (we , our or the Company) will be held on Monday, May 14, 2007, at 11:00 a.m. local time at 191 Peachtree Street, Atlanta, Georgia 30303. The purposes of the meeting are:

- (1) To elect nine Directors;
- (2) To approve an amendment to the 1999 Incentive Stock Plan (the Plan) to increase the number of shares of common stock available under the Plan by 900,000 shares;
- (3) To ratify the appointment of Deloitte & Touche LLP (Deloitte) as our independent registered public accounting firm for the fiscal year ending December 31, 2007; and
- (4) To transact any other business as may properly come before the meeting.

All holders of record of common stock at the close of business on March 23, 2007 are entitled to vote at the meeting and any postponements and adjournments of the meeting.

In addition, the Annual Meeting will include a special presentation to honor the extraordinary professional and philanthropic achievements of our company founder and Chairman Emeritus, Thomas G. Cousins, who retired in December 2006.

By Order of the Board of Directors,

ROBERT M. JACKSON
Corporate Secretary

Atlanta, Georgia
April 13, 2007

Whether or not you expect to attend the Annual Meeting, you are urged to vote, date, sign and return the enclosed proxy in the enclosed postage paid envelope. If you attend the Annual Meeting, you may revoke the proxy and vote your shares in person.

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**COUSINS PROPERTIES INCORPORATED
191 Peachtree Street, Suite 3600
Atlanta, Georgia 30303-1740**

PROXY STATEMENT

GENERAL INFORMATION

This proxy statement and proxy card are furnished in connection with the solicitation of proxies to be voted at our 2007 Annual Meeting of Stockholders. Our Annual Meeting will be held on Monday, May 14, 2007, at 11:00 a.m., local time, at 191 Peachtree Street, Atlanta, Georgia 30303. The proxy is solicited by our Board of Directors. This proxy statement and proxy card are first being sent to holders of our common stock on April 13, 2007.

Why am I receiving this proxy statement and proxy card?

You are receiving this proxy statement and proxy card because you owned shares of Cousins Properties Incorporated common stock on March 23, 2007. This proxy statement describes issues on which we would like you to vote at our Annual Meeting. It also gives you information on these issues so that you can make an informed decision.

What is a proxy?

It is your legal designation of another person to vote the stock you own. That other person is called a proxy. The written document in which you designate that person is called a proxy or a proxy card. Two of our Directors have been designated as proxies for the 2007 Annual Meeting of Stockholders. These Directors are Boone A. Knox and William Porter Payne.

Who is entitled to vote?

Holders of our common stock at the close of business on March 23, 2007 are entitled to receive notice of the meeting and to vote at the meeting and any adjournments or postponements of the meeting. March 23, 2007 is referred to as the record date.

To how many votes is each share of common stock entitled?

Holders of our common stock are entitled to one vote per share.

What is the difference between a stockholder of record and a stockholder who holds common stock in street name ?

If your shares of common stock are registered in your name, you are a stockholder of record. If your shares are in the name of your broker or bank, your shares are held in street name .

How do I vote?

Common stockholders of record may vote by mail. Simply mark your proxy card, date and sign it, and return it in the postage-paid envelope provided. Stockholders also may attend the meeting and vote in person. If you hold your shares of common stock through a bank or broker, please refer to your proxy card or the information forwarded by your bank or broker to see the voting options that are available to you.

Written ballots will be passed out to anyone who wants to vote at the Annual Meeting. However, if you hold your shares of common stock in street name, you must obtain a legal proxy from your bank or broker to be able to vote in person at the Annual Meeting.

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What if I change my mind after I return my proxy?

You may revoke your proxy and change your vote at any time before the polls close at the Annual Meeting. You may do this by:

sending written notice of revocation to our Corporate Secretary at 191 Peachtree Street, Suite 3600, Atlanta, Georgia 30303-1740;

submitting a subsequent proxy with a later date; or

voting in person at the Annual Meeting.

Attendance at the meeting will not by itself revoke a proxy.

On what items am I voting?

You are being asked to vote on three items:

the election of nine Directors;

the approval of an amendment to our 1999 Incentive Stock Plan to increase the number of shares of our common stock available under the Plan by 900,000 shares; and

the ratification of the appointment of Deloitte as our independent registered public accounting firm for the fiscal year ending December 31, 2007.

No cumulative voting rights are authorized, and dissenters' rights are not applicable to these matters.

How may I vote for the nominees for election of Directors, and how many votes must the nominees receive to be elected?

With respect to the election of Directors, you may:

vote FOR the election of all nine nominees for Director;

WITHHOLD AUTHORITY to vote for one or more of the nominees and vote FOR the remaining nominees; or

WITHHOLD AUTHORITY to vote for all nine nominees.

Directors are elected by a plurality vote. As a result, the nine nominees receiving the highest number of FOR votes will be elected as Directors.

In 2007, we adopted a majority voting policy for the election of directors. The policy, which is part of our Corporate Governance Guidelines, sets forth our procedures if a nominee is elected, but receives a majority of votes withheld. In an uncontested election, any nominee for director who receives a greater number of votes withheld from his or her election than votes for his or her election is required to promptly tender his or her resignation. Our Compensation, Succession, Nominating and Corporate Governance Committee is required to promptly consider the resignation offer and make a recommendation to the Board with respect to the resignation. The Board is required to take action with

respect to this recommendation. The policy is more fully described below under Majority Voting Policy.

What happens if a nominee is unable to stand for election?

If a nominee is unable to stand for election, the Board may, by resolution, provide for a lesser number of Directors or designate a substitute nominee. If the Board designates a substitute nominee, shares represented by proxies voted for the nominee unable to stand for election will be voted for the substitute nominee.

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How may I vote for the approval of the amendment to the Plan and the ratification of the appointment of the independent registered public accounting firm, and how many votes must the proposals receive to pass?

With respect to the proposals to amend the Plan and to ratify the independent registered public accounting firm, you may:

vote FOR the proposals;

vote AGAINST the proposals; or

ABSTAIN from voting on the proposals.

The proposals must receive the affirmative vote of a majority of the shares present at the Annual Meeting either in person or by proxy to pass. Abstentions with respect to a proposal are counted for purposes of establishing a quorum, but will have no effect on the outcome of the vote.

How does the Board of Directors recommend that I vote?

The Board recommends a vote FOR the nine Director nominees, FOR the amendment to the Plan and FOR the ratification of the independent registered public accounting firm.

What happens if I sign and return my proxy card but do not provide voting instructions?

If you return a signed card but do not provide voting instructions, your shares of common stock will be voted FOR the nine nominees for Director, FOR the amendment to the Plan and FOR the ratification of the independent registered public accounting firm.

Will my shares be voted if I do not sign and return my proxy card?

If you are a common stockholder of record and you do not sign and return your proxy card or attend the Annual Meeting and vote in person, your shares will not be voted and will not count in deciding the matters presented for stockholder consideration in this proxy statement.

If your shares of common stock are held in street name through a bank or broker and you do not provide voting instructions before the Annual Meeting, your bank or broker may vote your shares on your behalf under certain circumstances. Brokerage firms have the authority under New York Stock Exchange (NYSE) rules to vote shares for which their customers do not provide voting instructions on routine matters. When a proposal is not a routine matter and the brokerage firm has not received voting instructions from the beneficial owner of the shares with respect to that proposal, the brokerage firm cannot vote the shares on that proposal. This is called a broker non-vote. Broker non-votes will be counted for purposes of establishing a quorum, but not for determining the number of shares voted for or against the non-routine matter.

The election of Directors and the ratification of the independent registered public accounting firm described in this proxy statement are routine matters. The amendment to the Plan described in this proxy statement is not a routine matter.

How many votes do you need to hold the Annual Meeting?

Shares of our common stock are counted as present at the Annual Meeting if the stockholder either is present and votes in person at the Annual Meeting or properly has submitted a proxy.

As of the record date, 52,016,846 shares of our common stock were outstanding and are entitled to vote at the Annual Meeting. Holders of a majority of the outstanding shares entitled to vote as of the record date must be represented at the Annual Meeting either in person or by proxy in order to hold the Annual Meeting and conduct business. This is called a quorum. Abstentions and broker non-votes will be counted for purposes of establishing a quorum at the meeting.

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There are nine nominees for our Board of Directors this year. Our Directors are elected annually to serve until the next Annual Meeting and until their respective successors are elected. The Board has nominated the individuals named below for election as Directors at the Annual Meeting.

Eight of the Director nominees are currently members of the Board and were elected as Directors by the stockholders at the Annual Meeting in 2006. James D. Edwards is nominated for election at the Annual Meeting, and will begin serving as a Director immediately following the Annual Meeting if so elected. Mr. Edwards was recommended to our Compensation, Succession, Nominating and Governance Committee by Mr. Bell. Each Director nominee has consented to serve as a Director if so elected at the Annual Meeting.

Thomas G. Cousins, our founder and former Chairman of the Board, retired effective December 7, 2006. Mr. Cousins was named Chairman Emeritus. In this role he is invited to attend Board meetings, but does not have the right to vote as a Director. In addition, Richard W. Courts, II is retiring from the Board as of the Annual Meeting. We thank both Mr. Cousins and Mr. Courts for their many years of dedicated service to the Board and to our Company.

**Our Board of Directors recommends that you vote FOR
each of the nominees for Director.**

Name	Age	Director Since	Information About Nominee
Thomas D. Bell, Jr.	57	2000	President, Chief Executive Officer, Chairman of the Board of Directors and Chairman of the Executive Committee of the Company. Mr. Bell joined the Company as a Director on August 22, 2000. On January 22, 2001, he was named Vice Chairman of the Board of Directors. In January 2002, he was named President and Chief Executive Officer. In December 2006, he was named Chairman of the Board. Special Limited Partner with Forstmann Little & Co. from January 2001 until January 2002; Worldwide Chairman and Chief Executive Officer of Young & Rubicam, Inc. from January 2000 to November 2000; President and Chief Operating Officer of Young & Rubicam, Inc. from August 1999 to December 1999; Chairman and Chief Executive Officer of Young & Rubicam Advertising from September 1998 to August 1999. Director of Regal Entertainment Group, AGL Resources, Inc., and the United States Chamber of Commerce, and a Trustee of Emory University Healthcare. Director of Lincoln National Corporation from 1988 to 2005.
Erskine B. Bowles	61	2003	President of the University of North Carolina since January 2006; Chairman of Erskine Bowles & Co., LLC since 2003; Senior advisor to Carousel Capital since 2002; Director of

General Motors, Morgan Stanley and North Carolina Mutual Life Insurance Company. From March 2005 to August 2005, United Nations Under Secretary General, Deputy Special Envoy for Tsunami Recovery. From 1999 until 2001, Managing Director of Carousel Capital and Partner of Forstmann Little & Co., and from 1996 until 1998, served as White House Chief of Staff. Director of Merck & Co., VF Corporation and First Union Corporation from 1999 until 2001; Director of Wachovia Corporation in 2001; and Director of Krispy Kreme Doughnut Corporation in 2003.

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Name	Age	Director Since	Information About Nominee
James D. Edwards	63		From 1998 to 2002, Managing Partner Global Markets of Arthur Andersen LLP. Served in various positions with Arthur Andersen since 1964. Member of the American Institute of Certified Public Accountants. Director of IMS Health Incorporated, Huron Consulting Group, Inc., Transcend Services, Inc. and Crawford & Company.
Lillian C. Giornell	46	1999	For at least five years, Chairman, Chief Executive Officer and Trustee of The Cousins Foundation, Inc. and President of the CF Foundation. Since January 2007, Trustee of CF Foundation and President and Trustee of Nonami Foundation.
S. Taylor Glover	55	2005	President and Chief Executive Officer of Turner Enterprises, Inc., a privately held investment and management company, since March 2002. Prior to March 2002, for at least five years, Senior Vice President of the Private Client Group of Merrill Lynch.
James H. Hance, Jr.	62	2005	From 1994 through January 2005, Vice Chairman of Bank of America Corporation, a financial services holding company; Chief Financial Officer of Bank of America from 1988 to April 2004 and a Director from 1999 through January 2005. Director of Sprint Nextel, Duke Energy and Rayonier, Inc., a lumber company. Director of Summit Properties, Inc. from 1994 to 2005. Senior advisor to The Carlyle Group.
William B. Harrison, Jr.	63	2006	From November 2001 to December 2006, Chairman of the Board of JPMorgan Chase, which merged with Bank One Corporation on July 1, 2004. Chairman and Chief Executive Officer of JPMorgan Chase from November 2001 to December 2005. Prior to merger with JPMorgan & Co., Mr. Harrison was Chairman and Chief Executive Officer of the Chase Manhattan Corporation, a position he held since January 1, 2000. Director of Merck & Co., Inc. Member of The Business Counsel, The Financial Services Forum and The Financial Services Roundtable.
Boone A. Knox	70	1969	For at least five years, Managing Partner of Knox, Ltd. and the Managing Trustee of the Knox Foundation. Trustee of Equity Residential Properties Trust, Director of Fulghum Fibres, Inc.

and retired Chairman of Regions Bank of East Central Georgia.

William Porter Payne	59	1996	Partner of Gleacher Partners LLC since July 2000. Chairman of Centennial Investment properties since May 2004. Vice Chairman and Director of PTEK Holdings, Inc. from July 1998 to July 2000; Vice Chairman of Bank of America Corporation from February 1997 to July 1998. Served as President and Chief Executive Officer of the Atlanta Committee for the Olympic Games. Director of Lincoln Financial Group, Anheuser Busch, Inc., Crown Crafts, Inc. and National Distributing Company Inc.
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There are no family relationships among our Directors or executive officers.

Meetings of the Board of Directors and Director Attendance at Annual Meetings

Our Board of Directors held five meetings during 2006. Each Director attended at least 75% of the total number of meetings of the Board and any committees of which he or she was a member.

We typically schedule a Board meeting in conjunction with our Annual Meeting and expect that our Directors will attend, absent a valid reason. All Directors serving at the time of last year's Annual Meeting attended the Annual Meeting.

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Committees of the Board of Directors

Our Board has three standing committees – the Audit Committee, the Compensation, Succession, Nominating and Governance Committee and the Executive Committee.

Audit Committee. The current members of our Audit Committee are Mr. Courts, Mr. Glover, Mr. Harrison and Mr. Knox. Mr. Knox is the Chairman of the Committee. The Audit Committee held nine meetings during 2006. All of the members of the Audit Committee are independent within the meaning of the SEC regulations, the listing standards of the NYSE and our Director Independence Standards. All of the members of the Audit Committee are financially literate within the meaning of the SEC regulations, the listing standards of the NYSE and the Company's Audit Committee Charter. The Board has determined that Mr. Knox is an audit committee financial expert within the meaning of the SEC regulations and that he has accounting and related financial management expertise within the meaning of the NYSE listing standards.

The primary responsibilities of our Audit Committee include:

deciding whether to appoint, retain or terminate our independent registered public accounting firm,

reviewing with the independent registered public accounting firm the audit plan and results of the audit engagement,

reviewing the scope and results of our internal auditing procedures and the adequacy of our financial reporting controls,

reviewing the independence of the independent registered public accounting firm, and

considering the reasonableness of and, as appropriate, approving the independent registered public accounting firm's audit and non-audit fees.

Compensation, Succession, Nominating and Governance Committee. The current members of our Compensation, Succession, Nominating and Governance Committee are Mr. Bowles, Mr. Courts, Mr. Hance, Mr. Harrison and Mr. Payne. Mr. Payne is the Chairman of the Committee. The Compensation, Succession, Nominating and Governance Committee held five meetings during 2006. All of the members of the Compensation, Succession, Nominating and Governance Committee are independent within the meaning of the listing standards of the NYSE and our Director Independence Standards.

The primary responsibilities of our Compensation, Succession, Nominating and Governance Committee include:

setting and administering the policies that govern executive compensation,

overseeing the Company's management succession and development programs,

making recommendations regarding composition and size of the Board,

considering nominees for Director recommended by stockholders,

reviewing qualifications of Board candidates and the effectiveness of incumbent Directors, and

making recommendations regarding non-employee Director compensation.

The Compensation, Succession, Nominating and Governance Committee retained Towers Perrin, an outside human resources consulting firm, in 2006 to provide advice regarding compensation for our executive officers, including the named executive officers listed in the compensation tables in this proxy statement. Towers Perrin provided the Compensation, Succession, Nominating and Governance Committee with relevant market data and alternatives to consider when making compensation decisions for our executive officers, including our named executive officers.

Towers Perrin advised the Compensation, Succession, Nominating and Governance Committee with respect to compensation trends and best practices, plan design and individual compensation amounts. Towers Perrin provided services to management regarding benchmarking of non-executive officer positions and other matters. The

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Compensation, Succession, Nominating and Governance Committee is aware of the services provided by Towers Perrin to management.

Executive Committee. The members of our Executive Committee are Mr. Bell, Mr. Courts, Mr. Knox and Mr. Payne. Mr. Bell is Chairman of the Committee. The Executive Committee may exercise all powers of the Board of Directors in the management of our business and affairs, except for those powers expressly reserved to the Board. The Executive Committee held two meetings during 2006.

Director Independence

In order to evaluate the independence of each Director, our Board has adopted a set of Director Independence Standards as part of our Corporate Governance Guidelines. The Director Independence Standards are attached to this proxy statement as Annex A. They can also be found on the Investor Relations page of our Web site at www.cousinsproperties.com.

The Board has reviewed Director independence under NYSE Rule 303A.02(a) and our Director Independence Standards. In performing this review, the Board considered all transactions and relationships between each Director and our Company, subsidiaries, affiliates, senior executives and independent registered public accounting firm, including those reported under the section *Certain Transactions*. As a result of this review, the Board affirmatively determined that seven of our nine Directors currently serving on the board are independent. The independent Directors are Messrs. Bowles, Courts, Glover, Hance, Harrison, Knox and Payne. In addition, the Board has determined that Mr. Edwards will be an independent Director, if elected to serve on the Board.

In determining the independence of Mr. Glover, the Board considered the lease for office space in one of our buildings with an entity that is an affiliate of Mr. Glover in light of paragraph (f) of our Director Independence Standards. Although these lease payments will exceed \$250,000, the Board determined that Mr. Glover is nevertheless independent because it determined that no material relationship between Mr. Glover and the Company would arise from the lease. In making its determination, the Board considered, among other things, the estimated payments and tenant improvements to be made under the lease and our belief that the rates associated with the lease are market rates (as determined by management based on its experience). In determining Mr. Payne's independence, the Board considered the payments made by us to two companies that are wholly owned or co-owned by Mr. Payne's son-in-law, in light of paragraph (f) of our Director Independence Standards. Although these payments exceeded \$250,000, the Board determined that Mr. Payne is nevertheless independent because it determined that no material relationship between Mr. Payne and the Company is present. In making its determination, the Board considered, among other things, that Mr. Payne received no benefit from these payments, the payments were at market rates (as determined by management based on its experience and after review of industry averages for similar properties in the same market) and the two companies have hundreds of customers other than the Company.

Mr. Bell is not an independent Director because of his employment as President and Chief Executive Officer of the Company. Ms. Giornelli is not an independent Director because she is an immediate family member of Mr. Cousins, who was one of our executive officers in the last three years.

Our Audit Committee and our Compensation, Succession, Nominating and Governance Committee are composed solely of independent Directors.

Executive Sessions of Non-Management Directors

Our non-management Directors meet without management present at least two times each year, and our independent Directors meet at least once per year. In January 2004, our Board named Mr. Payne as the Lead Director. He is

responsible for presiding at meetings of non-management and independent Directors.

Any stockholder or interested party who wishes to communicate directly with the Lead Director or the non-management Directors as a group may do so by writing to: Cousins Properties Incorporated, 191 Peachtree Street, Suite 3600, Atlanta, GA 30303-1740, Attention: Lead Director.

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Corporate Governance

Our Board has adopted a set of Corporate Governance Guidelines. In 2007, we amended these guidelines to include a majority voting policy, as described below. The Corporate Governance Guidelines are available on the Investor Relations page of our Web site at www.cousinsproperties.com. The charters of the Audit Committee and the Compensation, Succession, Nominating and Governance Committee are also available on the Investor Relations page of our Web site.

Our Board has adopted a Code of Business Conduct and Ethics (the Ethics Code), which applies to all officers, Directors and employees. This Ethics Code reflects our long-standing commitment to conduct our business in accordance with the highest ethical principles. A copy of our Ethics Code is available on the Investor Relations page of our Web site at www.cousinsproperties.com. Copies of our Corporate Governance Guidelines, committee charters and Ethics Code are also available upon written request to Cousins Properties Incorporated, 191 Peachtree Street, Suite 3600, Atlanta, Georgia 30303-1740, Attention: Corporate Secretary.

Any stockholder or interested party who wishes to communicate directly with our Board of Directors may do so by writing to Cousins Properties Incorporated Board of Directors, c/o Corporate Secretary, 191 Peachtree Street, Suite 3600, Atlanta, Georgia 30303-1740. At each regular Board meeting, the Corporate Secretary will present a summary of any communications received since the last meeting (excluding any communications that consist of advertising, solicitations or promotions of a product or service) and will make the communications available to the Directors upon request.

Majority Voting Policy

In 2007, we adopted a majority voting policy as part of our Corporate Governance Guidelines. Pursuant to this policy, in an uncontested election of directors, any nominee who receives a greater number of votes withheld from his or her election than votes for his or her election will promptly tender his or her resignation for consideration by the Compensation, Succession, Nominating and Governance Committee. The Compensation, Succession, Nominating and Governance Committee will promptly consider the resignation offer and make a recommendation to the Board. The Board will act on the Compensation, Succession, Nominating and Governance Committee's recommendation within 90 days following the certification of the stockholder vote.

We will publicly disclose, in a Form 8-K furnished to the SEC, the Board's decision regarding whether to accept the resignation offer. Any director who tenders his or her resignation will not participate in the Committee or Board deliberations.

Selection of Nominees for Director

Our Directors take a critical role in guiding our strategic direction and overseeing our management. Our Board has delegated to the Compensation, Succession, Nominating and Governance Committee the responsibility for reviewing and recommending nominees for membership on the Board. Board candidates are considered based upon various criteria. Candidates must have integrity, accountability, judgment and perspective. In addition, candidates are chosen based on their leadership and business experience, as well as their ability to contribute toward governance, oversight and strategic decision-making.

The Compensation, Succession, Nominating and Governance Committee will consider Director nominees proposed by stockholders. Any stockholder who wishes to recommend a prospective nominee for consideration by the

committee may do so by submitting the candidate's name and qualifications in writing to Cousins Properties Incorporated Compensation, Succession, Nominating and Governance Committee, c/o Corporate Secretary, 191 Peachtree Street, Suite 3600, Atlanta, Georgia 30303-1740.

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The following table sets forth, as of February 1, 2007 unless otherwise noted, information regarding the beneficial ownership of our common stock by:

our Directors and nominees for Director,

our Chief Executive Officer, our Chief Financial Officer and the three other executive officers that had the highest total compensation for 2006, calculated in accordance with SEC rules and regulations (the Named Executive Officers),

the Directors and executive officers as a group, and

beneficial owners of more than 5% of our outstanding common stock.

Name	Number of Shares of Common Stock Beneficially Owned(1)				Percent of Class(4)
	Restricted Stock(2)	Shares Held in Profit Sharing Plan	Options Exercisable within 60 Days(3)	Other Shares Beneficially Owned	
Thomas D. Bell, Jr.	34,550	2,064	1,221,525	182,670(5)	2.72%
Erskine B. Bowles			21,836	4,568	*
Richard W. Courts, II			78,570	2,166,856(6)	4.33%
Daniel M. DuPree	18,663	10,664	119,481	57,345	*
James D. Edwards					*
James A. Fleming	5,021	3,376	58,036	13,357	*
Larry L. Gellerstedt III	1,986		4,633	446	*
Lillian C. Giornelli				365,041(7)	*
S. Taylor Glover			13,182	22,406	*
James H. Hance, Jr.			13,182	21,670	*
William B. Harrison, Jr.			6,591	6,389	*
Boone A. Knox			78,570	290,931(8)	*
Joel T. Murphy	11,408	5,497	540,679	29,363(9)	1.12%
William Porter Payne			78,570	32,272(10)	*
Total for all Directors and executive officers as a group (21 persons)	108,258	48,976	2,899,646	3,496,911(11)	11.98%
5% Stockholders					
Thomas G. Cousins(12)				7,977,522	15.40%
CF Foundation Incorporated(13)				2,999,143	5.79%
Davis Selected Advisers, L.P.(14)				2,784,396	5.38%

* Less than 1% individually

- (1) Based on information furnished by the individuals named in the table, includes shares for which the named person has sole voting or investment power or shared voting or investment power with his or her spouse. Under SEC rules, more than one person may be deemed to be a beneficial owner of the same securities, and a person may be deemed to be a beneficial owner of securities as to which he has no beneficial economic interest. Except as stated in the notes below, the persons indicated possessed sole voting and investment power with respect to all shares set forth opposite their names.
- (2) Represents shares of restricted stock awarded to certain executive officers. The restricted stock vests over four years, and the executive officers have the right to direct the voting of, and to receive dividends on, the stock reflected in the table.
- (3) Represents shares which may be acquired through stock options exercisable through April 1, 2007.

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- (4) Based on 51,790,168 shares of common stock issued and outstanding as of February 1, 2007. Assumes that all options owned by the named individual and exercisable within 60 days are exercised. The total number of shares outstanding used in calculating this percentage also assumes that none of the options owned by other named individuals are exercised.
- (5) Includes 12,000 shares subject to pledge.
- (6) Includes a total of 2,078,626 shares as to which Mr. Courts shares voting and investment power. Of these shares (i) 387,751 shares are owned by the Courts Foundation for which Mr. Courts serves as a Trustee and as Chairman and (ii) 1,690,875 shares are owned by Atlantic Investment Company. By virtue of his position with Atlantic Investment Company, Mr. Courts may be deemed to have sole voting and investment power of the shares owned by Atlantic Investment Company. Does not include 12,309 shares owned by Mr. Courts' wife, as to which Mr. Courts disclaims beneficial ownership.
- (7) Includes 1,717 shares as to which Ms. Giornelli shares voting and investment power. Includes 44,878 shares held by Ms. Giornelli as custodian for her children. Does not include 4,092 shares held by the Estate of Lillian W. Cousins, for which Ms. Giornelli is executrix and as to which Ms. Giornelli disclaims beneficial ownership.
- (8) Includes 136,200 shares owned by the Knox Foundation, of which Mr. Knox is a trustee and chairman, 526 shares owned by BT Investments, a partnership of which Mr. Knox is a general partner, and 8,000 shares owned by Mr. Knox's sister-in-law. Mr. Knox shares voting and investment power with respect to the 144,726 shares held by the Knox Foundation, BT Investments and Mr. Knox's sister-in-law. Mr. Knox disclaims beneficial ownership of these 144,726 shares.
- (9) Includes 29,363 shares owned jointly with Mr. Murphy's wife, as to which voting and investment power are shared.
- (10) Does not include 1,875 shares held by the Estate of John F. Beard, for which Mr. Payne's wife is executrix and as to which Mr. Payne disclaims beneficial ownership.
- (11) Includes 2,878,943 shares as to which Directors and executive officers share voting and investment power with others. Does not include 717,997 shares owned by spouses and other affiliates of Directors and executive officers, as to which they disclaim beneficial ownership.
- (12) Includes 624,011 shares as to which Mr. Cousins shares voting and investment power. Does not include 699,721 shares owned by Mr. Cousins' wife, as to which he disclaims beneficial ownership. The address for Mr. Cousins is 3445 Peachtree Road, N.E., Suite 175, Atlanta, Georgia 30326.
- (13) Reflects shares owned by CF Foundation Incorporated, 3445 Peachtree Road, N.E., Suite 175, Atlanta, Georgia 30326.
- (14) According to a Schedule 13G/A filed with the SEC on January 11, 2007, Davis Selected Advisers, L.P. (Davis), an investment adviser, has sole voting and dispositive power with respect to 2,784,396 shares of our common stock. According to the filing, Davis beneficially owned 5.4% of our common stock as of December 31, 2006. The business address of Davis is 2949 East Elvira Road, Suite 101, Tucson, Arizona 85706.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation Objectives

The Compensation, Succession, Nominating and Governance Committee of our Board of Directors (the Compensation Committee) is responsible for establishing the policies and principles that form the basis of our compensation program, as well as determining the compensation of our executive officers, including our Named Executive Officers (or NEOs), detailed in the tables that follow. In assessing the compensation of our executives, including our NEOs, we consider strategies intended to appeal to talented executives, both new hires and our existing team, in a competitive real estate marketplace. While keeping in mind our accountability to our stockholders, we aim to reward executives commensurate with corporate, business unit and individual performance in a variety of circumstances.

The effective execution of our business plan depends significantly on human capital. Our strategy is different than most real estate investment trusts (or REITs) rather than growing by acquisitions and focusing on portfolio management, we work to create value through the development of real estate. In order to be able to do this through market cycles, we have positioned ourselves to have the capacity to develop multiple product types in several geographic markets. Our ability to execute development and investment management, to mitigate associated risk and to plan for succession requires us to attract and retain a deep bench of executive talent across all development disciplines.

Our goal is to perform in the top quartile of the real estate industry through the real estate cycle. With that goal as a backdrop, one principle of our compensation program is that our NEOs' cash and equity-based compensation be within a range of the average compensation paid by the 50th to the 75th percentile of two peer groups (described below under Peer Group Analysis) for similarly situated positions. We believe providing compensation within this range allows us to be competitive for the top talent we need to continue to perform at our expected levels. Another principle of our compensation strategy is to provide a meaningful portion of total compensation via equity-based awards.

All of our employees, including our NEOs, are employed at-will. Other than a 401(k)/profit sharing plan, we do not have a pension plan or deferred compensation program for any of our employees, including our NEOs. Rather, we focus on providing current cash compensation and long-term equity-based awards in amounts necessary to retain our NEOs and to allow them to provide for their own retirement. However, we have typically made annual discretionary contributions, in varying amounts from year to year, to our 401(k)/profit sharing plan for the benefit of all employees meeting certain service requirements.

Compensation Review Process

Peer Group Data

The starting point for the Compensation Committee in establishing and evaluating each element of our NEOs' compensation for 2006 was a review of competitive data. The Compensation Committee engaged Towers Perrin to compile data for a group of competitive companies recommended by management, and approved by the committee, with similar business activities, strategies and asset classes. The companies in this competitive peer group were:

Boston Properties

Duke Realty

Macerich

Colonial Properties Trust
Crescent Real Estate Equities
Developers Diversified Realty

Forest City Enterprises
Kimco Realty

Post Properties
Regency Centers

These companies generally have a larger market capitalization than ours because our strategy includes aggressive capital recycling, while these companies typically hold their assets longer. As a result of these differences, for 2006 the Compensation Committee also reviewed data from a second group of peer companies, also recommended by management and approved by the committee, with market capitalization between \$1 and \$3 billion. The data for this market cap peer group was drawn from the 2005 National Association of Real Estate

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Investment Trusts Survey and was compiled into a report by Towers Perrin. The companies in the market cap peer group tend to follow an acquire and hold business strategy and typically maintain a single asset class. These strategies are also very different than our development business. Due to the distinctions between both the competitive peer group and market cap peer group, for 2006 the Compensation Committee reviewed data from both groups in an effort to make balanced decisions about the compensation of our NEOs. Actual compensation paid to our NEOs in 2006 was generally in line with the competitive peer group data, but did deviate in certain cases relative to the market cap peer group. On balance, the Compensation Committee believes that overall compensation for each of our NEOs is appropriate.

Role of Management

Prior to making any decisions regarding executive officer compensation, the Compensation Committee considers recommendations from our CEO with respect to each of the other executive officers. These recommendations are based upon the CEO's analysis of each executive officer's performance and contributions. However, the Compensation Committee retains the right to act in its sole and absolute discretion.

Components of Compensation

As provided in the Summary Compensation Table below, 2006 compensation for our NEOs incorporated four primary components: a base salary, an annual incentive cash award, a long-term equity incentive (or LTI) award and certain benefits and perquisites.

Base Salary

The Compensation Committee at its December 9, 2005 meeting determined the 2006 base salaries for our NEOs. We view base salary as the foundation of our compensation program. We make base salary decisions based on the individual's scope of responsibilities, experience, qualifications, individual performance and contributions to the Company. We established base salaries for 2006 after an analysis of data from the peer groups discussed previously. The base salaries of our NEOs for 2005 and 2006 are as follows:

NEO	2005 Base Salary	2006 Base Salary
Thomas D. Bell, Jr.	\$ 500,000	\$ 565,000
Daniel M. DuPree	\$ 350,000	\$ 375,000
James A. Fleming	\$ 250,000	\$ 300,000
Larry L. Gellerstedt III	\$ 315,000(1)	\$ 326,000
Joel T. Murphy	\$ 315,000	\$ 340,000

(1) Mr. Gellerstedt joined the Company on July 1, 2005. This amount represents his annualized salary for 2005.

Annual Incentive Cash Award Opportunity

Our NEOs typically have an opportunity to earn an annual incentive cash award. This award is designed to reward annual corporate performance and business unit performance, as well as to encourage and reward individual achievement during the year. The Compensation Committee established the 2006 target incentive cash award opportunity for each NEO. The annual incentive cash award opportunity, the targeted amount of the award and the

performance goals set by the Compensation Committee (discussed below) are communicated to the NEOs at the beginning of each year.

The determination of the actual incentive cash award paid to an executive officer is not entirely formulaic. The Compensation Committee, in exercising its discretion, considers all facts and circumstances when evaluating an individual executive's performance, including changing market conditions and broad corporate strategic impressions, along with overall responsibilities and contributions. The target incentive cash award typically ranges from approximately 85% to 123% of the NEO's base salary amount, with our most senior NEOs at the higher end of this

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range. However, with respect to Mr. Gellerstedt, his target was adjusted downward to reflect certain interests he held in condominium projects under development when he joined us in 2005.

In evaluating 2006 performance to make determinations regarding annual incentive cash awards for our NEOs, the Compensation Committee considered certain performance goals for each of our NEOs' respective business units (i.e., the Corporate Group, the Retail Division and the Office/Multi-Family Division) for the year. The Compensation Committee established the goals at its February 20, 2006 meeting after a review of our 2006 annual business plan and budget. The Compensation Committee then assigned each goal for each business unit a weight of relative importance. The Compensation Committee considered these goals to be aggressive, and, if met, the Company and the applicable business unit would have had a good year. The following were the annual incentive cash award performance goals for 2006:

1. *Development Starts and Investments.* As a development-oriented REIT, a key goal for all of our business units is new development starts and investments. Each Division's 2006 development starts and investments goal took into account its development capacity, its development pipeline and the status of the real estate cycle for its market. In addition, the Corporate Group had a goal based upon overall new development starts and investments across all Divisions.

2. *Funds From Operations.* The Compensation Committee believes that Funds From Operations (or FFO) an appropriate measure of corporate performance when it is properly adjusted for activities related to our development and capital recycling strategies. In that regard, for purposes of evaluating performance against the 2006 FFO goal, the Compensation Committee adjusted our 2006 FFO to adjust for the impact of the events that occurred during the year that were consistent with creating stockholder value but also diluted our FFO. These events included, among others, the sale of Bank of America Plaza in Atlanta, Georgia, the sale of Frost Bank Tower in Austin, Texas, the sale of The Avenue® of the Peninsula in metropolitan Los Angeles, California, and the formation of the Avenue Fund joint venture into which we contributed five retail properties.

3. *Percentage Leased.* Another 2006 goal that generally applied to our NEOs (with regard to their respective business units) was the percentage of space leased in its rental portfolio. We believe one of our core competencies is to develop and lease property. Therefore, we expect each rental project to achieve near capacity occupancy after a pro forma lease-up period following completion of construction or acquisition. Leasing targets for 2006 also took into account asset sales and overall market conditions. The Corporate Group's 2006 goals included leasing percentages for the Retail and Office/Multi-Family Divisions. Just like the 2006 FFO goal, the Compensation Committee adjusted our 2006 leasing goals to take into account certain events that occurred during the year that were consistent with our value creation strategy but also diluted our overall occupancy. In addition to the asset sales and joint venture transactions during 2006 discussed previously, the acquisition of 191 Peachtree Tower in Atlanta, Georgia is another example of a strategic move that is consistent with our value creation strategy but that had a collateral negative impact on our overall occupancy. Therefore, the Compensation Committee believed that it was appropriate to adjust for the impact of 191 Peachtree Tower in evaluating overall occupancy in 2006.

4. *Cost Controls.* Each of our Divisions and the Corporate Group had a goal to control costs in their respective business units in 2006. The Compensation Committee established these goals based on the amount of approved overhead set forth in each business unit's strategic plan for 2006, before allocation or capitalization of expenses to projects.

5. *Profits From Lot and Tract Sales.* The Compensation Committee established goals for our Land Division and the Corporate Group for profits from lot and tract sales in 2006.

The Compensation Committee, at its December 11, 2006 meeting, evaluated performance of our NEOs against these goals as follows:

Messrs. Bell, DuPree and Fleming are members of the Corporate Group. For 2006, the Compensation Committee considered that the Corporate Group achieved most of its performance goals for the year,

² For the definition of FFO, please see our Annual Report on Form 10-K for the year ended December 31, 2006 available at www.sec.gov or on the Investor Relations page of our Web site at www.cousinsproperties.com.

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including, in particular, that: (i) it successfully stewarded over \$540 million of new development starts and investments throughout all Divisions, (ii) we exceeded our FFO goal (as adjusted) and (iii) Office/Multi-Family Division occupancy (as adjusted) was substantially at its goal and Retail Division occupancy (as adjusted) was ahead of its goal. In addition, the Corporate Group, along with the Office/Multi-Family Division and the Retail Division, also completed the successful sales of Bank of America Plaza and Frost Bank Tower, as well as the formation of the Avenue Fund and the acquisition of 191 Peachtree Tower. The Corporate Group fell short of its profits from lot and tract sales and cost control goals. However, the Compensation Committee felt that the exceptional performance with respect to new development starts and investments, FFO and overall occupancy more than made up for any shortfall in these items.

Mr. Murphy is President of our Retail Division. For 2006, the Compensation Committee considered that the Retail Division exceeded all of its goals, including, in particular, that (i) its portfolio was leased in excess of its goals, (ii) its development starts exceeded its goal, highlighted by the successful start of a new Avenue project in suburban Nashville, Tennessee, and (iii) its expenses were less than its cost control goal. In addition, when evaluating performance of the Retail Division, the Compensation Committee considered additional matters such as the formation of the Avenue Fund and the sale of The Avenue of the Peninsula.

Mr. Gellerstedt is President of our Office/Multi-Family Division. The Compensation Committee considered that the Office/Multi-Family Division also substantially achieved or exceeded all of its goals, including, in particular, that (i) its investment starts significantly exceeded its goal, highlighted by the acquisition of 191 Peachtree Tower and the initiation of the Palisades project in Austin, Texas and (ii) its expenses were less than its cost control goal.

In addition to business unit performance against the established goals, the Compensation Committee considered each NEO's 2006 individual performance and contributions to the Company during the year. The Compensation Committee believed that the 2006 performance goals, and the weighting of each for the 2006 annual incentive cash awards, were aggressive and appropriate given our business strategy and historic performance. Based on these considerations and the performance against goals discussed above, each of our NEOs earned annual incentive cash awards for 2006 as follows:

NEO	Target	Actual
Thomas D. Bell, Jr.	\$ 695,000	\$ 800,000
Daniel M. DuPree	\$ 375,000	\$ 420,000
James A. Fleming	\$ 255,000	\$ 273,000
Larry L. Gellerstedt III	\$ 177,100	\$ 232,520
Joel T. Murphy	\$ 289,000	\$ 317,900

Long-Term Incentive Awards

Our LTI program is intended to provide an incentive to our executives for the creation of value and the corresponding growth of our stock price over time. The ultimate goal of equity-based compensation is to encourage executives to act as equity owners. We believe equity-based compensation plays an essential role in retaining and motivating our NEOs by providing incentives that are linked to our long-term success and increasing stockholder value. The Compensation Committee grants stock options, restricted stock and restricted stock units under our LTI program.

Stock Options

We believe a significant portion of equity-based compensation should be in the form of stock options, which reward stock price growth in a more substantial way than full value stock awards. We believe stock option awards provide a significant link between the executive and our performance and maximizing stockholder value, as the award will have value only if the market value of our stock increases above the exercise price of the option.

Stock options (i) are issued with an exercise price equal to the closing market price on the date of grant, (ii) vest ratably over the four-year period beginning on the grant date and (iii) expire ten years from the grant date. The vesting requirement creates an incentive for an executive to remain employed with the Company. Option grants do

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not include dividend equivalents or any reload grant features, but they are adjusted as a result of special dividends. Stock options are valued using the Black-Scholes method for purposes of determining the number of options granted to a particular NEO and the contribution of the grant to his total compensation figure.

For 2006, we granted both non-qualified options and incentive stock options (or ISOs). In some cases, ISOs can provide a recipient with preferential tax treatment if, among other conditions, the stock received upon exercise is held for at least one year. For 2006, we granted ISOs to all recipients of option grants, including NEOs, to the maximum extent possible.

Restricted Stock and Restricted Stock Units

In 2006, the Compensation Committee awarded full value equity awards to our NEOs as part of our LTI program. Full value equity awards, such as restricted stock and restricted stock units (RSUs), do not reward stock price growth to the same extent as stock options. Nevertheless, we believe that full value awards are an effective compensation tool because the current value of the award is more visible to the executive, creates an interest that encourages senior executives to think and act like stockholders and serves as a competitive retention vehicle because the awards vest over four years.

An RSU is a bookkeeping unit that is essentially the economic equivalent of a share of restricted stock, the difference being that upon vesting it is settled in cash. RSUs generally are valued at the corresponding stock price on the grant date and generally vest ratably over a four-year period following the grant. Upon vesting, each RSU pays a cash amount equal to the then price of our common stock. Also, holders of RSUs and restricted stock generally receive all regular and special cash dividends declared with respect to our common stock. However, performance RSUs are treated differently as described below.

For 2006, we issued only RSUs as the full value component of LTI because our ability to issue grants that settle in stock was limited. In 2005, the Compensation Committee made a commitment to our stockholders that until the end of 2007 we would not grant to employees an aggregate number of shares subject to options or other awards settled in stock greater than 2% per year, on average over the period, of the number of shares of common stock that the Compensation Committee reasonably believes will be outstanding at the end of each year. For purposes of calculating the number of shares awarded in one year, each stock option counts as one share of common stock and each share of restricted stock counts as four shares of common stock. The RSUs that we granted in 2006 are settled in cash rather than in shares of common stock and, as a result, they are not included in calculating the overall annual 2% equity award limit.

For 2006, the Compensation Committee determined that in order to meet the 2% limit, it would reduce restricted stock grants rather than stock options. The Compensation Committee wanted to award stock options up to target levels, even if it meant not issuing any restricted stock, because it believes options are consistent with our long-term, value creation strategy. In the future, the Compensation Committee may again grant restricted stock, subject to the 2% limit that applies through 2007.

LTI Targets

The Compensation Committee at its December 9, 2005 meeting established the target 2006 LTI awards for NEOs. The awards set forth in the compensation tables below reflect a 9.8665% increase in the number of options from original targets as a result of our special dividend paid on December 1, 2006. The Compensation Committee increased the target awards for two reasons: (1) the LTI grants were to be awarded shortly after the special dividend was paid on December 1, 2006, and if the special dividend had been paid a few weeks later, the LTI grants would have either received the special dividend or, as applicable, been adjusted in accordance with the plan documents and (2) the 2006

target levels were established based on a number of shares rather than dollar amounts.

LTI Performance Goals

At a meeting on February 20, 2006, the Compensation Committee established the following factors to evaluate performance for purposes of making 2006 LTI awards: (1) total stockholder return over various time periods, both on an absolute basis and relative to the Morgan Stanley REIT index, (2) development starts and investments over

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time and (3) value creation over time. These performance factors are neither absolute targets nor are they applied in a formulaic manner. Rather, performance is evaluated across these factors and over time. The Compensation Committee believed that the LTI performance targets for 2006 were aggressive and appropriate given our business strategy and historic performance. The Compensation Committee, at its December 11, 2006 meeting, evaluated actual performance in 2006 against these factors as follows:

1. *Total Stockholder Return.* Performance of our common stock was considered on both an absolute basis, as well as relative to the Morgan Stanley REIT index. To encourage management to focus on long-term strategy, the Compensation Committee considered performance over 1, 3, 5, 7 and 10-year intervals. While total stockholder return on an absolute basis was uniformly in excess of internal targets, performance against the Morgan Stanley REIT index was mixed. The Company outperformed the index on a 1 and 10-year basis, but fell short in the 3, 5 and 7-year comparisons.

2. *Development Starts and Investments.* Our development starts and investments were reviewed for 2006 and for the 4-year period ended December 31, 2006 (as projected). For this 4-year period, the Compensation Committee considered that we had aggregate development starts and investments of approximately \$1.358 billion. For 2006, the Compensation Committee considered that we had development starts and investments of approximately \$540 million. The level of development starts and investments for both the 12-month period and the 4-year period ending December 31, 2006 set records for us and significantly exceeded the applicable target amounts.

3. *Value Creation.* Our value creation was evaluated for 2006 and over the 4-year period ended December 31, 2006. Value creation is the amount we realize upon the sale or other disposition of an asset, or the value given the asset upon its contribution to certain joint ventures (such as the Avenue Fund), compared to our investment in the asset, without any adjustment for depreciation. We believe value creation is a core measure of our performance and is an essential component when evaluating management. Over this 4-year period, the Compensation Committee considered that we had an average of 39% overall value creation, totaling over \$571 million. For 2006, the Compensation Committee considered that we had value creation of 52%, totaling over \$295 million. The Compensation Committee considered these levels of value creation to be extraordinary.

The Compensation Committee evaluated performance across these factors and granted LTI awards to our NEOs at target amounts since we had achieved some of our total stockholder return objectives, had exceeded our development starts and investments goals and had exceptional value creation during the year and during the current real estate cycle. The Compensation Committee, in its discretion, determined that the mixed total stockholder return performance relative to the Morgan Stanley REIT index was less meaningful relative to the record level of development starts and investments, combined with our exceptional value creation. The grants to each NEO are set forth in the Grants of Plan Based Awards in 2006 and Outstanding Equity Awards at 2006 Fiscal Year End tables below.

Special Performance Conditioned RSU Grant

At its February 20, 2006 meeting, the Compensation Committee made special grants of 100,000 performance conditioned RSUs to each of Mr. Murphy and Mr. Gellerstedt. These grants were made to provide a further retention incentive for each of Mr. Murphy and Mr. Gellerstedt and to encourage them to work closely together to improve the long-term future performance of the Company.

The grants have special terms and performance conditions that are not applicable to the general RSU grants made on December 11, 2006. These special performance conditions are that vesting occurs only on the fifth anniversary of the grant date if:

- (1) Mr. Murphy or Mr. Gellerstedt, as applicable, has been continuously employed at his current position or higher position over the 5-year period ending on the fifth anniversary of the grant date;
- (2) our aggregate new development starts over the 5-year period equal or exceed \$1 billion; and
- (3) the average annual total stockholder return for the period equals or exceeds 10%.

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The performance conditioned RSUs granted to Mr. Murphy and Mr. Gellerstedt are not entitled to payment of ordinary or extraordinary cash dividends. However, in accordance with the 2005 Restricted Stock Unit Plan, the Compensation Committee increased each performance conditioned RSU grant by 9,866 units, as a result of the special dividend paid on December 1, 2006. These awards are valued using Black-Scholes, rather than the price on the grant date since they are not entitled to dividends and are subject to vesting conditions. Upon a change in control, the Compensation Committee will in its discretion either (1) adjust in an equitable manner the RSUs and the underlying performance conditions and the adjusted RSUs will remain outstanding, or (2) adjust the number of RSUs and the underlying performance conditions to reflect the periods of the original vesting period that have lapsed from the grant date to the change in control date and, if the adjusted performance conditions are met, vest the adjusted number of RSUs.

LTI Grant Practices

For at least the past 10 years, we have granted LTI awards to key employees (as defined in the 1999 Incentive Stock Plan) at a regularly scheduled meeting of the Compensation Committee in November or December of each year, in anticipation of our fiscal year ending December 31 and at the same time as annual incentive cash awards are evaluated. We generally do not grant options to newly-hired employees. However, at a special meeting of the Compensation Committee in 2002, Mr. Bell was awarded stock options in connection with his joining our Company as President and CEO. In light of the recent publicity surrounding the back-dating of stock options, we reviewed our option grant history and grant procedures and did not find any issues with our historical or current practices.

Benefits and Perquisites

To remain competitive in the market, we provide certain benefits and perquisites to our NEOs. These include health, life and disability insurance premiums paid by us on behalf of our NEOs, certain club membership dues and contributions to our Profit Sharing Plan. In addition, our CEO is permitted to use the Company aircraft for personal use, the cost of which is borne by us. We have also paid the travel expenses of our CEO, including the cost of using the Company aircraft, to attend meetings related to his service on boards of other companies. The Compensation Committee has reviewed the benefits and perquisites provided to our NEOs in 2006 and determined that they are appropriate. Additional information on the aggregate incremental cost to us of providing these benefits and perquisites to our NEOs in 2006 is shown in the Summary Compensation Table for 2006 below.

Stock Ownership Guidelines and Insider Trading Policy

The Compensation Committee, at its February 20, 2006 meeting, adopted stock ownership guidelines for our executive officers. Generally, these guidelines require the executive officers to maintain ownership of our stock with a value equal to the following multiple of his or her base salary:

Title	Multiple
CEO	4x
Vice Chairman	3x
Division President and Executive Vice President	2x
Other executive officer	1x

The guidelines are consistent with our belief that our executive officers' interests should be aligned with those of our stockholders and our expectation that executive officers maintain a significant level of investment in our Company.

The following count toward the executive officer stock ownership requirements:

shares purchased on the open market;

shares owned outright by the officer, or by members of his or her immediate family residing in the same household, whether held individually or jointly;

restricted stock and RSUs received pursuant to our LTI plans, whether or not vested; and

shares held in trust for the benefit of the officer or his or her immediate family, or by a family limited partnership or other similar arrangement.

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Existing executives have five years from the adoption of the guidelines to accumulate the required shares. New executives are allowed five years from the date of election, promotion to executive officer, or commencement of employment as an executive officer to accumulate the required shares. The Chairman of the Compensation Committee may approve exceptions to the guidelines from time to time as he or she deems appropriate.

Our insider trading policy does not permit trading in Company securities on a short-term basis, purchases of Company stock on margin, short sales or trading puts or calls with respect to our stock.

Severance Policy, Retirement and Change in Control Agreements

We provide severance benefits to all employees, including our NEOs, following termination of employment by the Company other than for cause. In general, the severance benefit payable is an amount equal to the employee's weekly pay times the sum of the number of his or her full years of service plus four.

Our 1999 Incentive Stock Plan and our 2005 Restricted Stock Unit Plan generally provide for accelerated vesting of awards upon a change in control. However, under our 1999 Incentive Stock Plan, if the plan is continued or assumed after the change in control, accelerated vesting occurs only in the event a participant's employment is terminated for any reason (including voluntary resignation) during the two-year period following a change in control. Our NEOs participate in the 1999 Incentive Stock Plan and 2005 Restricted Stock Unit Plan on the same terms as our other key employees. The Compensation Committee believes that the accelerated vesting of outstanding equity awards following a change in control of the Company is a customary and reasonable component of an equity incentive program.

In general, an employee will forfeit any unvested LTI grants upon termination of employment for any reason other than following a change in control. However, the stock options and the RSUs granted in 2006 (excluding the performance conditioned RSUs) provide that the awards vest upon retirement of the employee if the employee is at least 60 years of age and the sum of the employee's whole years of age plus whole years of service with the Company equals at least 65 (collectively, the Rule of 65). In addition, the Compensation Committee approved the application of the Rule of 65 to all previously issued and outstanding stock options and RSUs. The Rule of 65 does not apply to restricted stock. The Compensation Committee adopted the Rule of 65 to provide a further incentive for long-term employment with the Company, as well as to recognize that options and RSUs are part of annual compensation and if an employee retired after satisfying certain age and service requirements then he or she should get the benefit of outstanding options and RSUs. The Compensation Committee did not adopt the Rule of 65 for restricted stock because it would result in adverse tax consequences to the recipient.

The amount of the estimated payments to each NEO assuming retirement, severance or a change in control of the Company and a qualifying termination of employment as of December 31, 2006 are set forth in Potential Payments Upon Termination, Retirement or Change in Control below.

Tax Implications of Executive Compensation

The Company's aggregate deductions for compensation paid to certain executive officers during 2006 was limited by Section 162(m) of the Internal Revenue Code of 1986 (the Code), primarily because our compensation elements generally are not considered paid under a predetermined objective performance plan meeting certain requirements, and, in addition, did not meet other exceptions that would permit a deduction. The exception to this treatment is compensation resulting from the exercise of stock options, which qualify for a deduction. While the Compensation Committee is mindful of the impact of the deduction limitation, it felt that the compensation was structured in an appropriate manner. In addition, the Compensation Committee considered the impact of Section 409A of the Code in

connection with grants under the 1999 Incentive Stock Plan and the 2005 Restricted Stock Unit Plan, as well as in connection with the adoption of the Rule of 65 discussed above. If applicable, Section 409A of the Code would potentially impose an additional tax on employees if there was a deferral of compensation under an award or program that did not comply with the requirements of Section 409A of the Code.

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Committee Report on Compensation

The Compensation, Succession, Nominating and Governance Committee is responsible for, among other things, setting and administering the policies that govern executive compensation, establishing the performance goals on which the compensation plans are based and setting the overall compensation principals that guide the committee's decision-making. The Compensation, Succession, Nominating and Governance Committee has reviewed the Compensation Discussion and Analysis and discussed it with management. Based on the review and the discussions with management, the Compensation, Succession, Nominating and Governance Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the 2007 proxy statement for filing with the Securities and Exchange Commission.

COMPENSATION, SUCCESSION, NOMINATING AND GOVERNANCE COMMITTEE

William Porter Payne, Chairman

Erskine B. Bowles

Richard W. Courts, II

James H. Hance, Jr.

William B. Harrison, Jr.

The foregoing report should not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933 or Securities Exchange Act of 1934 (the Acts), except to the extent that we specifically incorporate this information by reference, and will not otherwise be deemed filed under the Acts.

Table of Contents**Summary Compensation Table for 2006**

The following table sets forth information concerning total compensation for our Named Executive Officers for 2006.

Name and Principal Position	Year	Salary (\$)	Stock Awards (\$)(1)	Option Awards (\$)(2)	Non- Equity Incentive Plan Compensation (\$)(3)	All Other Compensation (\$)(4)	Total (\$)
Thomas D. Bell, Jr. Chairman of the Board, President and Chief Executive Officer	2006	\$ 565,000	\$ 687,605	\$ 570,447	\$ 800,000	\$ 104,252	\$ 2,727,304
Daniel M. DuPree Vice Chairman	2006	\$ 375,000	\$ 1,007,215(5)	\$ 770,369(5)	\$ 420,000	\$ 23,320	\$ 2,595,904
James A. Fleming Executive Vice President and Chief Financial Officer	2006	\$ 300,000	\$ 92,307	\$ 67,243	\$ 273,000	\$ 22,450	\$ 755,000
Larry L. Gellerstedt III Senior Vice President and President of the Office/ Multi-Family Division	2006	\$ 326,000	\$ 577,498(6)	\$ 34,782	\$ 232,520	\$ 22,690	\$ 1,193,490
Joel T. Murphy							