

MID AMERICA APARTMENT COMMUNITIES INC
Form DEF 14A
April 19, 2004

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

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 **0**

Check the appropriate box:

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

Mid-America Apartment Communities, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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1. Title of each class of securities to which transaction applies:

2. Aggregate number of securities to which transaction applies:

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

4. Proposed maximum aggregate value of transaction:

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1. Amount Previously Paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

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MID-AMERICA APARTMENT COMMUNITIES, INC.

TO OUR SHAREHOLDERS:

You are invited to attend the 2004 Annual Meeting of Shareholders of Mid-America Apartment Communities, Inc. (the Company) to be held at 4:00 p.m., local time, on Monday, May 24, 2004, at the Reserve at Dexter Lake Apartments, 1505 Dexter Lake Drive, Memphis, Tennessee 38018. The Notice of Annual Meeting of Shareholders and Proxy Statement, both of which accompany this letter, provide details regarding the business to be conducted at the meeting, as well as other important information about the Company.

During the meeting, management will review our recently completed 2003 fiscal year and provide a report on our progress, including recent developments. Shareholders also will have the opportunity to ask questions about the Company.

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Along with the other members of the Board of Directors and management, we look forward to greeting you at the Annual Meeting if you are able to attend.

Very truly yours,

H. Eric Bolton, Jr.
President and Chief Executive Officer

MID-AMERICA APARTMENT COMMUNITIES, INC.
6584 POPLAR AVENUE, SUITE 300
Memphis, Tennessee 38138

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MONDAY MAY 24, 2004

TIME, DATE & PLACE

The 2004 Annual Meeting of Shareholders will be held at 4:00 P.M., local time, on Monday, May 24, 2004, at the Reserve at Dexter Lake Apartments, 1505 Dexter Lake Drive, Memphis, Tennessee 38018.

ITEMS OF BUSINESS

Shareholders will consider and vote on the following items at the Annual Meeting:

1. To elect 3 Class I directors to serve until the 2007 Annual Meeting of Shareholders or until their successors have been duly elected and qualified;
2. To ratify the selection of KPMG LLP as the Company's independent auditors for 2004;
3. To approve the Amended and Restated Charter of Mid-America Apartment Communities, Inc;
4. To approve the 2004 Stock Plan; and
5. To transact such other business as may properly come before the meeting or any adjournment thereof.

WHO MAY VOTE

Shareholders of record at the close of business on Wednesday, March 31, 2004, are entitled to receive this notice and vote at the Annual Meeting.

HOW TO VOTE

Your vote is important. Please refer to the proxy card and the accompanying proxy statement for information regarding your voting options. Even if you plan to attend the Annual Meeting, please take advantage of one of the advance voting options to assure that your shares are represented at the Annual Meeting. You may revoke your proxy at any time before it is voted by following the procedures described in the accompanying Proxy Statement.

By Order of the Board of Directors

Leslie B.C. Wolfgang
*Vice President, Director of External Reporting and
Corporate Secretary*

Memphis, Tennessee
April 23, 2004

Please complete, sign and date the enclosed proxy card and return it promptly in the enclosed envelope, whether or not you plan to attend the meeting. Shareholders who attend the Annual Meeting may vote even if they have already sent in a proxy.

**MID-AMERICA APARTMENT COMMUNITIES, INC.
6584 POPLAR AVENUE, SUITE 300
Memphis, Tennessee 38138**

PROXY STATEMENT

Mid-America Apartment Communities, Inc. is soliciting proxies, and your vote is very important. For this reason, the Board of Directors is requesting that you allow your shares to be represented at the Annual Meeting of Shareholders by the proxies named on the enclosed proxy card. In connection with our solicitation of proxies, we are mailing this proxy statement, the enclosed proxy card, and our 2003 Annual Report to all Shareholders beginning on or about April 23, 2004.

In this proxy statement, terms such as *we*, *us* and *our* refer to Mid-America Apartment Communities, Inc., which may also be referred to from time to time as *MAAC* or the *Company* to distinguish it from its subsidiaries or other related entities.

When is the Annual Meeting?

Monday, May 24, 2004, 4:00 p.m., Central Daylight Time.

Where will the Annual Meeting be held?

Our Annual Meeting will be held at the Reserve at Dexter Lake Apartments, 1505 Dexter Lake Drive, Memphis, Tennessee 38018.

What items will be voted on at the Annual Meeting?

You will vote on the following matters:

1. To elect 3 Class I directors to serve until the 2007 Annual Meeting of Shareholders or until their successors have been duly elected and qualified;
2. To ratify the selection of KPMG LLP as the Company's independent auditors for 2004;
3. To approve the Amended and Restated Charter of Mid-America Apartment Communities, Inc.;

4. To approve the 2004 Stock Plan; and
5. To transact such other business as may properly come before the meeting or any adjournment thereof.

As of the date of this Proxy Statement, we are not aware of any other matters that will be presented for action at the Annual Meeting.

What are the Board of Directors' recommendations?

Our Board of Directors recommends that you vote:

FOR the election of each of the 3 nominees named herein to serve on the Board of Directors;

FOR the ratification of the selection of KPMG LLP as the Company's independent auditors for 2004;

FOR approval of the Amended and Restated Charter of Mid-America Apartment Communities, Inc.; and

FOR approval of the 2004 Stock Plan.

If any other matter properly comes before the Annual Meeting, the proxy holders will vote as recommended by the Board of Directors or, if no recommendation is given, in their own discretion.

Who is entitled to vote at the Annual Meeting?

Only shareholders of record at the close of business on the record date, March 31, 2004, are entitled to receive notice of the 2004 Annual Meeting and to vote the shares that they held on that date at the Annual Meeting, or any postponement or adjournment of the Annual Meeting. As of the close of business on March 31, 2004, the Company had 20,353,652 shares of common stock outstanding. Each share of the common stock is entitled to one vote and votes may be cast either in person or by proxy.

How do I vote?

Your vote is important. You may vote your shares by completing, signing, dating, and promptly returning the enclosed proxy card in the envelope provided. If you complete and properly sign the accompanying proxy card and return it to the Company, it will be voted as you direct. If you are a registered shareholder and attend the meeting, you may deliver your completed proxy card in person. Street name shareholders who wish to vote at the meeting will need to obtain a proxy from the institution that holds their shares. If you choose to attend the meeting in person, you may revoke your proxy and personally cast your votes.

Can I change my vote after I return my proxy card?

You may change your vote at any time before it is cast by: (1) submitting another proxy with a more recent date than that of the proxy first given, (2) attending the Annual Meeting and voting in person, or (3) sending written notice of revocation to the Company's Corporate Secretary, Leslie Wolfgang, 6584 Poplar Avenue, Suite 300, Memphis, Tennessee 38138.

What vote is required to approve each item?

Quorum Requirement. A majority of the outstanding shares of the Company's common stock entitled to vote at the Annual Meeting, present or represented by proxy, constitutes a quorum, which is necessary to conduct business at the Annual Meeting. You will be considered part of the quorum if you have voted by proxy. Abstentions, broker non-votes and votes withheld from Director nominees count as shares present at the Annual Meeting for purposes of determining a quorum. A broker non-vote occurs when a broker or other nominee who holds shares for another does not vote on a particular item because the nominee does not have discretionary authority to vote on that item and has not received instructions from the owner of the shares.

Election of Directors. The affirmative vote of a plurality of the votes cast by the shareholders entitled to vote at the annual meeting is required for the election of directors. A properly executed proxy indicating that authority is **WITHHELD** with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum. Therefore, so long as a quorum is present, withholding authority will have no effect on whether one or more directors are elected.

Approval of our Amended and Restated Charter. The affirmative vote of shareholders representing a majority of our outstanding shares of common stock is required for the approval of our Amended and Restated Charter. A properly executed proxy marked **ABSTAIN** with respect to such proposal will not be voted, although it will be counted for the purpose of determining whether there is a quorum. Accordingly, an abstention will have the effect of a negative vote.

Other Proposals. All other matters properly submitted to the shareholders will be approved if a majority of the shares present or represented at the Annual Meeting vote in favor of the proposal.

How do I vote my shares if they are held in the name of my broker (street name)?

If your shares are held by your broker, often referred to as in **street name**, you should receive a form from your broker seeking instruction as to how your shares should be voted. If you do not issue instructions to your broker, your broker may vote your shares at its discretion on your behalf. However, if you hold your shares in **street name** through a broker or other nominee, your broker or nominee may not be permitted to exercise voting discretion with respect to some of the matters to be acted upon. Thus, if you do not give your broker or nominee specific instructions,

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your shares may not be voted on those matters and will not be counted in determining the number of shares necessary for approval. Shares represented by such broker non-votes will, however, be counted in determining whether there is a quorum.

How and when may I submit a shareholder proposal for the Company's 2005 Annual Meeting?

Our annual meeting of shareholders generally is held in May of each year. Consistent with applicable SEC rules, we will consider for inclusion in our proxy materials for next year's annual meeting shareholder proposals that are received at our executive offices no later than December 31, 2004 and that comply with other SEC rules regarding form and content. Proposals must be sent to our Corporate Secretary at Mid-America Apartment Communities, Inc., 6584 Poplar Avenue, Suite 300, Memphis, Tennessee 38138.

How can I obtain the Company's Annual Report on Form 10-K?

Our Annual Report on Form 10-K for the year ended December 31, 2003, as filed with the Securities and Exchange Commission, including the financial statements, financial statement schedules and exhibits, is being mailed along with this Proxy Statement.

What are the costs of soliciting these proxies?

We pay the cost of soliciting proxies. Solicitation initially will be made by mail. We expect that this Proxy Statement will first be sent to shareholders on or about April 23, 2004. Forms of proxies and proxy materials may also be distributed through brokers, custodians and other like parties to the beneficial owners of shares of our common stock, in which case we will reimburse these parties for their reasonable out-of-pocket expenses. Proxies may also be solicited personally or by telephone or fax by directors, officers and employees of the Company, who will receive no additional compensation for such activities.

Who should I contact if I have any questions?

If you have any questions about the Annual Meeting, these proxy materials or your ownership of our common stock, please contact, our Investor Relations Department, 6584 Poplar Avenue, Suite 300, Memphis, Tennessee 38138, or by calling (901) 682-6600.

CORPORATE GOVERNANCE

What is our philosophy regarding corporate governance?

We believe that effective corporate governance is critical to our long-term health and our ability to create value for our shareholders. During the past year, we have continued to review our corporate governance policies and practices and to compare them against best practice proposals and the practices of other public companies. We also have continued to review the provisions of the Sarbanes-Oxley Act of 2002, new and proposed rules of the SEC, and the new corporate governance rules of the New York Stock Exchange, or the NYSE. We will continue to monitor emerging developments in corporate governance and enhance our policies and procedures when required or when our Board of Directors determines that it would benefit the Company and our shareholders. Based on this review, the Board of Directors has adopted Corporate Governance Guidelines that include detailed specifications for director qualification and responsibility. You may find a copy of our Corporate Governance Guidelines on our website at www.maac.net.

The responsibilities of our Board of Directors and Board committees are described below, along with other corporate governance-related disclosures. All of our Board's committees have written charters which can be found in the Corporate Governance section on the Investors page of our website at www.maac.net or by request to the following address: Mid-America Apartment Communities, Inc., Attention: Corporate Secretary, 6584 Poplar Avenue, Suite 300, Memphis, Tennessee 38138. We may, from time to time, form other committees as circumstances warrant. Such committees will have authority and responsibility as delegated by the Board of Directors.

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How many independent directors do we have?

Our Board of Directors has determined that five of our current nine directors are independent: Robert F. Fogelman, Alan B. Graf, Jr., John S. Grinalds, Ralph Horn and Michael S. Starnes. All of these directors meet the independence standards of our Corporate Governance Guidelines and the New York Stock Exchange.

How do we determine whether a director is independent?

A director is considered independent if our board of directors affirmatively determines that the director has no direct or indirect material relationship with us. In addition:

A director who is an employee, or whose immediate family member is an executive officer, of the Company is not independent until three years after the end of such employment relationship.

A director who receives, or whose immediate family member receives, more than \$100,000 per year in direct compensation from us, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), is not independent until three years after he or she ceases to receive more than \$100,000 per year in such compensation.

A director who is affiliated with or employed by, or whose immediate family member is affiliated with or employed in a professional capacity by, a present or former internal or external auditor of the Company is not independent until three years after the end of the affiliation or the employment or auditing relationship.

A director who is employed, or whose immediate family member is employed, as an executive officer of another company where any of the our present executive officers serve on that company's compensation committee is not independent until three years after the end of such service or the employment relationship.

A director who is an executive officer or an employee, or whose immediate family member is an executive officer, of a company that makes payments to, or receives payments from, the Company for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues, is not independent until three years after falling below such threshold.

Do any independent directors have relationships with the Company that the Board of Directors determined were not material?

Mr. Graf is an Executive Vice President and Chief Financial officer of FedEx Corporation. In the normal course of business, we use FedEx as an overnight courier. The Board of Directors concluded that this relationship is not material and does not otherwise impair, or appear to impair, Mr. Graf's independent judgment, and therefore does not prevent him from being independent.

Mr. Horn was Chairman of the Board of Directors of First Tennessee National Corporation until December 2003 and was previously the President and Chief Executive Officer of First Tennessee until 2002. We have a line of credit with a group of banks led by AmSouth Bank. First Tennessee Bank, the principal banking subsidiary of First Tennessee National Corporation, has committed approximately \$17.5 million towards this line of credit. We have also entered into interest rate swap agreements with First Tennessee Bank totaling a notional amount of \$100 million based on three-month LIBOR. Both the line of credit and the interest rate swap agreements were entered into in the ordinary course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions between unrelated parties. Because of the arm's-length nature of the transaction, the Board of Directors concluded that these relationships are not material and do not otherwise impair, or appear to impair, Mr. Horn's independent judgment, and therefore do not prevent him from being independent.

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How many times did our Board of Directors meet last year?

The Board of Directors held six meetings during 2003.

Did any of our directors attend fewer than 75% of the meetings of the Board of Directors and their assigned committees?

All of our directors attended at least 75% of the meetings of the Board of Directors and their assigned committees during the fiscal year.

Does our Board of Directors meet regularly without management present?

Our directors, excluding Messrs. Bolton and Wadsworth, regularly meet to promote open discussion among the non-management directors. Mr. Cates presides over these executive sessions. The directors held three executive sessions during 2003.

Do directors attend the annual meeting of shareholders?

The Company does not require its directors to attend its Annual Meeting of Shareholders. Messrs. Bolton, Cates and Wadsworth attended the Annual Meeting of Shareholders held on June 2, 2003.

Does our Board of Directors have any standing committees?

We have three standing committees: Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee, each consisting of only independent directors.

What does the Audit Committee do?

The Audit Committee is responsible for:

appointing, determining the compensation of, and overseeing the work of the independent auditor;

pre-approving all auditing services and permitted non-audit services, including the fees and terms thereof, to be performed by the independent auditor;

reviewing and discussing with management and the independent auditor the annual audited and quarterly unaudited financials statements and the our disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 10-Qs and 10-Ks;

reviewing and discussing the adequacy and effectiveness of our systems of internal accounting and financial controls;

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

reviewing the overall corporate "tone" for financial reports, controls, and ethical behavior;

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reviewing with management and the independent auditor our compliance with the requirements for qualification as a REIT; and
issuing a report annually as required by the SEC's proxy solicitation rules.

Where can I find a copy of the Audit Committee Charter?

The Audit Committee Charter is attached to this Proxy Statement as Appendix A. The Audit Committee Charter can also be found at our website at <http://www.maac.net>.

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Who are the members of the Audit Committee?

The members of the Audit Committee are Messrs. Graf (Chairman), Grinalds and Starnes.

Are all of the members of the Audit Committee independent?

The Audit Committee consists entirely of independent directors under the standards of our Corporate Governance Guidelines and the listing standards of the New York Stock Exchange.

How many meetings did the Audit Committee have last year?

The Audit Committee held nine meetings during 2003.

Does the Audit Committee have an Audit Committee Financial Expert?

The Board has determined that Mr. Graf is an independent director and that he meets the qualifications of an audit committee financial expert as defined by the Securities and Exchange Commission.

What does the Compensation Committee do?

The Compensation Committee:

- reviews and approves our compensation objectives;

- reviews and approves the compensation programs, plans, and awards for executive officers;

- acts as administrator as may be required for our equity-related incentive plans; and

- issues a report annually related to executive compensation, as required by the Securities and Exchange Commission's proxy solicitation rules.

Does the Compensation Committee have a charter?

The Compensation Committee Charter can be found at our corporate web site at <http://www.maac.net>.

Who are the members of the Compensation Committee?

The Compensation Committee consists of Messrs. Horn (Chairman), Fogelman, Grinalds and Starnes, all of whom are independent directors.

How many meetings did the Compensation Committee have last year?

The Compensation Committee held two meetings during 2003.

What does the Nominating and Corporate Governance Committee do?

The Nominating and Corporate Governance Committee:

provides assistance and oversight in identifying qualified candidates to serve as members of Board of Directors;

reviews the qualification and performance of incumbent directors to determine whether to recommend them as nominees for reelection;

reviews and considers candidates for director who may be suggested by any director or executive officer, or by any shareholder if made in accordance with our charter, bylaws and applicable law; and

recommends to the Board of Directors appropriate corporate governance principles that best serve the practices and objectives of the Board of Directors.

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Does the Nominating and Corporate Governance Committee have a charter?

The Nominating and Corporate Governance Committee Charter can be found at our website at <http://www.maac.net>.

Who are the members of the Nominating and Corporate Governance Committee?

The Nominating and Corporate Governance Committee consists of Messrs. Horn (Chairman), Fogelman, Grinalds and Starnes, all of whom are independent directors.

How many meetings did the Nominating and Corporate Governance Committee hold last year?

The Nominating and Corporate Governance Committee held one meeting during 2003.

How does the Board of Directors select director candidates?

Our charter divides the Board of Directors into three classes as nearly equal in number as possible, with each class serving a term of three years. Our shareholders elect one class of directors at each annual meeting. The Board of Directors has set at nine the number of directors constituting the full Board of Directors.

Minimum Director Qualifications

The Nominating and Corporate Governance Committee along with the Board of Directors is responsible for determining the skills and characteristics that need to be met by each director and director nominee. In determining director or director nominee qualifications, views of both the individual and the Board of Directors as a whole shall be considered.

An individual director or director nominee's independence shall be determined by following the standards set by both the Securities and Exchange Commission and the New York Stock Exchange; however, the importance of any one director's independence shall be considered in relation to the Board of Directors as a whole. At minimum, the Board of Directors will have at least a majority of directors who meet the criteria for independence.

A director or director nominee's knowledge and/or experience in areas such as, but not limited to, real estate investing, REITs, management, leadership, public companies, equity and debt capital markets and financial accounting are likely to be considered both in relation to the individual's qualification to serve on our Board of Directors and the needs of the Board as a whole.

The Board of Directors does not impose term limits or a mandatory retirement age and while it is believed that a director's knowledge and/or experience can continue to provide benefit to the Board of Directors following a director's retirement from his primary work affiliation, it is recognized that a director's knowledge of and involvement in ever changing business environments can weaken and therefore his ability to continue to be an active contributor to the Board of Directors shall be reviewed. Upon a director's change in employment status he is required to notify the Chairman of the Board of Directors and the Nominating and Corporate Governance Committee of such change and to offer his resignation for review.

Other characteristics including, but not limited to, the director or director nominee's material relationships with the Company, time availability, service on other boards of directors and their committees, age, or any other characteristics which may prove relevant at any given time as determined by the Nominating and Corporate Governance Committee shall be reviewed for purposes of determining a director or director nominee's qualification.

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Director Nomination Policy

It is our policy to review and consider all candidates for nomination and election as directors who may be suggested by any director or executive officer of the Company. Our policy is also to refer to its Nominating and Corporate Governance committee for consideration any director candidate recommended by any shareholder who beneficially owns at least 1,000 shares of the Company's outstanding common stock if made in accordance with the Company's charter, bylaws and applicable law.

To be considered, a recommendation for director nomination should be submitted in writing to:

Nominating and Corporate Governance Committee
Attention: Leslie B. C. Wolfgang, Corporate Secretary
Mid-America Apartment Communities, Inc.
6584 Poplar Ave., Ste. 300
Memphis, TN 38138

To be considered either for inclusion in the proxy materials solicited by the Directors for the 2005 Annual Meeting or for consideration by the shareholders at the 2005 Annual Meeting, proposals by shareholders must be received no later than December 31, 2004. Any submission should include enough information about the proposed nominee to make him/her identifiable by the committee and include the submitter's name and the name his/her shares are held in so that the status as a shareholder and the number of shares he/she owns may be verified.

What are directors paid?

Directors who are our employees do not receive additional remuneration for serving as directors. Each non-employee director receives \$22,000 annually for serving on the Board of Directors. To compensate for their additional duties, the Audit Committee chairman receives an additional \$15,000 annually, and other committee chairmen receive an additional \$5,500 annually. Directors also receive \$1,000 for attending a meeting of the Board of Directors or a committee meeting not held in conjunction with a Board of Directors meeting in person and \$500 for attending a meeting of the Board of Directors or a committee meeting not held in conjunction with a Board meeting by telephone. In accordance with the Company's Non-Qualified Deferred Compensation Plan For Outside Company Directors, the directors have the option of having shares of the Company's common stock issued into a deferred compensation account in lieu of cash.

Do the directors receive stock options?

While directors were eligible to receive stock options under the Company's Amended and Restated 1994 Restricted Stock and Stock Option Plan and will be able to receive stock options under the 2004 Stock Plan if approved by shareholders at the Annual Meeting of Shareholders on May 24, 2004; no stock options have been granted to the non-management directors of the Board of Directors since 1998.

Can I communicate directly with the Board of Directors?

Yes. Shareholders may communicate in writing with our Board of Directors, any of its committees, or its non-management directors by using the following address:

Board of Directors
Attention: Leslie B. C. Wolfgang, Corporate Secretary
Mid-America Apartment Communities, Inc.
6584 Poplar Ave., Ste. 300
Memphis, TN 38138

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The Secretary of the Company compiles all substantive communications and periodically submits them to the Board of Directors, the group of directors, or the individual directors to whom they are addressed. All letters pertaining to areas of responsibility of the Board of Directors or its committees will be forwarded to the appropriate chairperson. Letters that pertain to normal day-to-day operations will be forwarded to the appropriate employee.

Does the Company have a Code of Ethics?

The Company's Board of Directors has adopted a Code of Ethics applicable to the Company's executive officers, including the Chief Executive Officer and Chief Financial Officer. The Code of Ethics is available on our website at www.maac.net. We intend to post amendments to or waivers from our Code of Ethics (to the extent applicable to our chief executive officer, principal financial officer or principal accounting officer) at this location on our website.

Certain Relationships and Related Transactions

General Policy

All transactions involving related parties must be approved by a majority of the disinterested members of the Board of Directors.

Relationship with First Tennessee

We have a line of credit with a group of banks led by AmSouth Bank. First Tennessee Bank, the principal banking subsidiary of First Tennessee National Corporation has committed approximately \$17.5 million towards this line of credit. We have also entered into interest rate swap agreements with First Tennessee Bank totaling a notional amount of \$100 million based on three-month LIBOR. One of our directors, Mr. Horn was Chairman of the Board of Directors until December 2003 and the President and Chief Executive Officer of First Tennessee National Corporation until 2002 Both the line of credit and the interest rate swap agreements were entered into in the ordinary course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions between unrelated parties.

Indebtedness of Management to the Company

In 1997, 1998, and 2000 we sold shares of common stock and limited partnership units in Mid-America Apartments, L.P. to certain employees pursuant to a Leadership Employee Stock Ownership Program (LESOP). Under the LESOP, shares of common stock and limited partnership units were sold to employees at market prices, with 15% of the sale price bonused to the employee over a five-year period.

Mr. Cates purchased a total of 175,000 shares pursuant to this program at an aggregate purchase price of \$4,496,500. Roughly 85% of this amount, or \$3,822,063 was funded by personal loans obtained by Mr. Cates, and the balance, \$674,437, was funded by the Company's LESOP bonus program over a five-year period.

Mr. Bolton purchased a total of 110,000 limited partnership units pursuant to this program at an aggregate purchase price of \$2,966,500. Roughly 85% of this amount, or \$2,521,563 was funded by personal loans obtained by Mr. Bolton, and the balance, \$444,937 was funded by the Company's LESOP bonus program over a five-year period.

Mr. Wadsworth purchased a total of 100,000 shares and limited partnership units pursuant to this program at an aggregate purchase price of \$2,706,500. Roughly 85% of this amount, or \$2,300,563 was funded by personal loans obtained by Mr. Wadsworth, and the balance, \$405,937 was funded by the Company's LESOP bonus program over a five-year period.

In April 2002 the Company entered into duplicate LESOP bonus programs to the existing common stock and limited partnership unit sales. These agreements take effect immediately following the conclusion of the first agreements, have the same form and terms of the original

agreements, and effectively raise the total LESOP bonus amount to 30% of the original sale price.

The employees of the Company listed in the table below are indebted to the Company pursuant to such promissory notes for shares of common stock and Limited partnership units acquired under the LESOP, which amounts are bonused to them over a five-year period. The table indicates the largest amount of the indebtedness outstanding during fiscal year 2003 and the amount outstanding at February 29, 2004. Such indebtedness bears interest at rates ranging from 5.59% to 6.49% per annum.

	Maximum Indebtedness During 2003	Indebtedness at February 29, 2004
George E. Cates (1)	\$ 605,287.50	\$ 512,493.75
H. Eric Bolton, Jr.	444,937.50	398,137.50
Simon R. C. Wadsworth	405,937.50	366,937.50
Total executive officers	\$ 1,456,162.50	\$ 1,277,568.75

- (1) George E. Cates was not an executive officer of the Company during 2003, but is shown here as a participant in the LESOP program as a result of his former executive status with the Company.

PROPOSAL NO. 1 ELECTION OF DIRECTORS

The Board of Directors proposes that the following nominees, all of whom are currently serving as directors, be re-elected for a new term of three years and until their successors are duly elected and qualified. We have no reason to believe that any nominee for Director will not agree or be available to serve as a Director if elected. However, should any nominee become unable or unwilling to serve, the proxies may be voted for a substitute nominee or to allow the vacancy to remain open until filled by our Board of Directors. The presence of a quorum at the Annual Meeting, either in person or by written proxy, and the affirmative vote of a plurality of the votes cast at the meeting are necessary to elect a nominee as a director.

Information regarding each of the nominees for director is set forth below. Directors' ages are given as of the date of this Proxy Statement.

NOMINEES FOR ELECTION

Class I Directors

Terms will expire at the 2007 Annual Meeting

JOHN F. FLOURNEY

Mr. Flourney, age 63, has served as a director since November 1997. Mr. Flourney has been the Chairman and Chief Executive Officer of Flourney Development Company for 36 years. Flourney Development Company has been in multi-family housing development and construction primarily in the Southeastern United States for over 30 years. Mr. Flourney also serves as a director of the W.C. Bradley Company and the Columbus Bank and Trust Company. Committees: None

ROBERT F. FOGELMAN

Mr. Fogelman, age 68, has served as a director since July 1994 and has been the President of Fogelman Investment Company, a privately owned investment firm, for more than seven years. Committees: Compensation, Nominating and Corporate Governance

MICHAEL S. STARNES

Mr. Starnes, age 59, has served as a director since July 1998. Mr. Starnes founded M.S. Carriers, Inc., a truckload transportation and logistics company, in 1978 and served as Chairman and Chief Executive Officer until its merger with Swift Transportation Co., Inc. in June 2001. Since June 2001, Mr. Starnes has served as President of M.S. Carriers, a subsidiary of Swift Transportation Co., Inc. He is also a director of Swift Transportation Co., Inc. and Union Planters Corporation. Committees: Audit, Compensation, Nominating and Corporate Governance

INCUMBENT DIRECTORS

Class II Directors

Terms will expire at the 2005 Annual Meeting

H. ERIC BOLTON, JR.

Mr. Bolton, age 47, has served as a director since February 1997. Mr. Bolton is our Chairman of the Board of Directors, President and Chief Executive Officer. Mr. Bolton joined us in 1994 as Vice President of Development and was named Chief Operating Officer in February 1996 and promoted to President in December 1996. Mr. Bolton assumed the position of Chief Executive Officer following the retirement of George E. Cates in October 2001 and became Chairman of the Board in September 2002. Mr. Bolton was with Trammell Crow Company for more than five years, and prior to joining us was Executive Vice President and Chief Financial Officer of Trammell Crow Realty Advisors. Committees: None

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ALAN B. GRAF, JR.

Mr. Graf, age 50, has served as a director since June 2002. Mr. Graf is the Executive Vice President and Chief Financial Officer of FedEx Corporation, a position he has held since 1998 and is a member of FedEx Corporation's Executive Committee. Prior to that time, he was Executive Vice President and Chief Financial Officer for FedEx Express, FedEx's predecessor, from 1991 to 1998. Mr. Graf joined FedEx in 1980. He serves as a director for NIKE Inc. and Kimball International, Inc. Committees: Audit (Chairman)

RALPH HORN

Mr. Horn, age 63, has served as a director since April 1998. Mr. Horn was elected President, Chief Operating Officer, and a director of First Tennessee National Corporation (FTNC) in July 1991 and Chief Executive Officer in April 1994. Mr. Horn was elected Chairman of the Board of FTNC in January 1996. Mr. Horn served as Chief Executive Officer and President of FTNC until July 2002, and as Chairman of the Board through December 2003. Mr. Horn is also a director of Harrah's Entertainment, Inc., Gaylord Entertainment Corporation and The Church Health Center. Committees: Compensation (Chairman), Nominating and Corporate Governance (Chairman)

Class III

Terms will expire at the 2006 Annual Meeting

GEORGE E. CATES

Mr. Cates, age 66, has served as a director since 1994 and served as Chairman of the Board of Directors from the time of its initial public offering in February 1994 until September 2002. Mr. Cates served as our President and Chief Executive Officer from February 1994 until his planned retirement in October 2001. Mr. Cates was President and Chief Executive Officer of The Cates Company from 1977 until its merger with us in February 1994. Mr. Cates also serves as a director for First Tennessee National Corporation and The Marketing Alliance. Committees: None

JOHN S. GRINALDS

General Grinalds, age 66, has served as a director since November 1997. General Grinalds became the President of The Citadel in Charleston, South Carolina in 1997. Prior to assuming the presidency of The Citadel, General Grinalds was the headmaster of Woodberry Forest School in Virginia. From 1989 to 1991, General Grinalds held the rank of Major General and was the commanding general of the Marine Corps Recruit Depot in San Diego, California. Committees: Audit, Compensation, Nominating and Corporate Governance

SIMON R. C. WADSWORTH

Mr. Wadsworth, age 57, has been Executive Vice President, Chief Financial Officer and a director since March 1994. Committees: None

The affirmative vote of a plurality of the votes cast at the Annual Meeting, in person or by proxy, is required to elect the nominees as Class I directors.

The Board of Directors recommends a vote FOR each of the Nominees for Class I Directors

STOCK OWNERSHIP

Security Ownership of Management

The following table sets forth the beneficial ownership of our common stock as of February 29, 2004 by (i) each director, (ii) each director nominee, (iii) each executive officer named in the Summary Compensation Table, and (iv) all directors, nominees and executive officers as a group:

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (1)
George E. Cates	843,111 (2)	3.93%
John F. Flournoy**	654,552 (3)	3.05%
Robert F. Fogelman**	622,076 (4)	2.90%
H. Eric Bolton, Jr.	283,408 (5)	1.32%
Simon R. C. Wadsworth	236,497 (6)	1.10%
Ralph Horn	46,217 (7)	*
Michael S. Starnes**	11,112 (8)	*
John S. Grinalds	9,650 (9)	*
Alan B. Graf, Jr.	7,189 (10)	*
All Directors, Nominees and Executive Officers as a group (9 Persons)	2,713,812	12.64%

- (1) Based on 20,086,319 shares of common stock outstanding on February 29, 2004, plus 1,013,396 shares of common stock issuable in exchange for limited partnership units and 366,879 shares issuable upon exercise of options exercisable within 60 days of February 29, 2004, that was held by the listed individuals as a group. With respect to each listed person (and all listed persons, as a group), the beneficial ownership of such person or group includes the number of shares of common stock issuable to such person or group in exchange for limited partnership units plus the number of shares of common stock issuable to such person or group in respect to options exercisable within 60 days of February 29, 2004. Except as indicated in the footnotes to this table, each listed person possesses sole voting and investment power with respect to all shares of common stock shown as owned by such person.
- (2) Includes 456,351 shares owned directly by Mr. Cates, as to 355,129 of which Mr. Cates has sole voting power and as to 101,222 of which Mr. Cates has shared voting power, (41,360 shares held by a family limited partnership in which Mr. Cates is a partner; 18,476 shares held by Mr. Cates through an individual retirement account, and 41,386 shares Mr. Cates owns in a joint account with his wife); 201,233 shares that Mr. Cates has the current right to acquire upon redemption of limited partnership units; 136,224 shares that Mr. Cates has the right to acquire upon the exercise of options that are exercisable within 60 days of February 29, 2004; and 1,251 shares held in a deferred compensation account. Also includes 9,849 shares and 38,203 limited partnership units owned by Mr. Cates' wife, over which Mr. Cates exercises no voting or investment power.
- (3) Includes 607,989 shares owned directly by Mr. Flournoy; 41,271 shares that Mr. Flournoy has the current right to acquire upon redemption of limited partnership units; and 5,292 shares held in a deferred compensation account.
- (4) Includes 42,500 shares held by Romar Partnership as to which Mr. Fogelman shares voting and investment power; 570,500 shares that Mr. Fogelman has the current right to acquire upon redemption of limited partnership units; 3,000 shares that Mr. Fogelman has the right to acquire upon the exercise of options that are exercisable within 60 days of February 29, 2004; and 6,076 shares held in a deferred compensation account.
- (5) Includes 21,420 shares owned directly by Mr. Bolton, as to 16,281 of which Mr. Bolton has sole voting power and as to 5,139 of which Mr. Bolton has shared voting power; 110,000 shares that Mr. Bolton has the current right to acquire upon redemption of limited partnership units; 149,050 shares that Mr. Bolton has the right to acquire upon the exercise of options that are exercisable within 60 days of February 29, 2004, and 2,938 shares attributed to Mr. Bolton in the Company's Employee Stock Ownership Plan.

- (6) Includes 104,753 shares owned directly by Mr. Wadsworth, as to 82,888 of which Mr. Wadsworth has sole voting power and as to 3,213 of which Mr. Wadsworth has shared voting power and 18,652 shares held by Mr. Wadsworth through an individual retirement account; 2,951 shares attributed to Mr. Wadsworth in the Company's Employee Stock Ownership Plan; 52,188 shares that Mr. Wadsworth has the right to acquire upon redemption of limited partnership units; and 76,605 shares that Mr. Wadsworth has the right to acquire upon the exercise of options that are exercisable within 60 days of February 29, 2004.
- (7) Includes 37,000 shares owned directly by Mr. Horn; 1,000 shares that Mr. Horn has the right to acquire upon the exercise of options that are exercisable within 60 days of February 29, 2004; and 8,217 shares held in a deferred compensation account.
- (8) Includes 3,000 shares owned directly by Mr. Starnes; 1,000 shares that Mr. Starnes has the right to acquire upon the exercise of options that are exercisable within 60 days of February 29, 2004; and 7,112 shares held in a deferred compensation account.
- (9) Includes 2,009 shares owned directly by General Grinalds; 140 shares held by General Grinalds through an individual retirement account; and 7,501 shares held in deferred compensation accounts.
- (10) Includes 4,000 shares owned directly by Mr. Graf; and 3,189 shares held in a deferred compensation account.
- * Represents less than 1% of total.
- ** Director Nominee.

Security Ownership of Certain Beneficial Owners

The following table sets forth information as of December 31, 2003, regarding each person known to the Company to be the beneficial owner of more than five percent of its common stock:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (1)
Cohen & Steers Capital Management, Inc. (2) 757 Third Avenue New York, NY 10017-2013	1,717,100	8.01%

- (1) Based on 20,031,614 shares of common stock outstanding on December 31, 2003, plus 1,013,396 shares of common stock issuable in exchange for common limited partnership units of limited partnership interest in Mid-America Apartments, L.P. and upon exercise of 385,805 options exercisable within 60 days of December 31, 2003 that were held by all directors, director nominees and executive officers named in the Summary Compensation Table.
- (2) The indicated ownership is based solely on a Schedule 13G filed with the SEC by the beneficial owner. The Schedule 13G indicates that this entity has sole power to vote or to direct the vote for 1,685,300 shares and sole power to dispose or to direct the disposition of 1,717,100 shares.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), requires the Company's directors and executive officers to file with the Commission initial reports of ownership and reports of changes in ownership of the Company's common stock and to furnish the Company with copies of all forms filed.

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To the Company's knowledge, based solely on review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the past fiscal year all Section 16(a) filing requirements applicable to the Company's directors and executive officers were completed on a timely basis except as described in this section.

General Grinalds directly purchased 100 shares at \$23.75 on March 17, 2003. The requisite filing was due on March 19, 2003, but was filed one day late on March 20, 2003.

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EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth information concerning total compensation earned or paid to our Chief Executive Officer and certain other of our executive officers for services rendered to us.

Annual Compensation

Long-Term Compensation
