

EUDY JOHN D
Form 4
December 29, 2005

FORM 4

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

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB
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(Print or Type Responses)

1. Name and Address of Reporting Person *
EUDY JOHN D

2. Issuer Name **and** Ticker or Trading
Symbol
ESSEX PROPERTY TRUST INC
[ESS]

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

(Last) (First) (Middle)
C/O ESSEX PROPERTY
TRUST, 925 E MEADOW DRIVE
(Street)

3. Date of Earliest Transaction
(Month/Day/Year)
12/28/2005

____ Director ____ 10% Owner
____X____ Officer (give title below) ____ Other (specify below)
Executive Vice President

PALO ALTO, CA 94303

4. If Amendment, Date Original
Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check
Applicable Line)
____X____ Form filed by One Reporting Person
____ Form filed by More than One Reporting
Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V Amount (D) Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative	2. Conversion	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if	4. Transaction of Derivative	5. Number	6. Date Exercisable and Expiration Date	7. Title and Amount of Underlying Securities	8.
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Security (Instr. 3)	or Exercise Price of Derivative Security	any (Month/Day/Year)	Code (Instr. 8)	Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	(Month/Day/Year)	(Instr. 3 and 4)					
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Series Z-1 Incentive Unit ⁽¹⁾	<u>(2)</u> <u>(3)</u>	12/28/2005	J ⁽¹⁾		8,366		12/28/2020	12/28/2020	Series Z-1 Incentive Unit	8,366	

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
EUDY JOHN D C/O ESSEX PROPERTY TRUST 925 E MEADOW DRIVE PALO ALTO, CA 94303	Executive Vice President

Signatures

For: John D. Eudy, By: Michael J. Schall (Attorney in Fact) 12/28/2005

 Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

1. Represents the grant of Series Z-1 Incentive Units pursuant to the Essex Portfolio, L.P. Long Term Incentive Plan. Subject to the conversion Ratchet Percentage described below, the Series Z-1 Incentive Units are convertible or redeemable, as the case may be, upon the occurrence of certain events, into either (i) Operating Partnership units in Essex Portfolio, L.P. ("OPUs"), and such OPUs are
- (1) convertible into shares of Common Stock. The Conversion Ratchet Percentage, initially set at 20% will increase by up to 10% on January 1 of each year for each holder of Series Z-1 Incentive Units who remains employed by Essex Property Trust, Inc. if Essex Property Trust, Inc. has met a specified "funds from operations" per share target, or such other criteria established by the Compensation Committee, for the prior year, up to a maximum Conversion Ratchet Percentage of 100%.
2. The Series Z-1 Incentive Units will automatically convert into OPUs (1) if the Conversion Ratchet Percentage reaches the maximum level of 100%, (2) if none of the participating executives remain employed by Essex Property Trust, Inc., (3) if Essex Property Trust, Inc. dissolves or is liquidated or, (4) at the latest, June 2019. In certain change of control situations, the participating executives will also be
- (2) given the option to convert their units at the then-effective Conversion Ratchet Percentage. In addition, Essex Portfolio, L.P. has the option to redeem Series Z-1 Incentive Units held by any executive whose employment has been terminated for any reason and the obligation to redeem any such units following the death of the holder. In such event, Essex Portfolio, L.P. will redeem the units for, at its option, either OPUs or shares of Common Stock based on the then-effective Conversion Ratchet Percentage.
- (3) 3. The Series Z-1 Incentive Units are convertible into the number of OPUs calculated by dividing (1) the remainder resulting from (a) the portion of the adjusted capital account balance properly allocable to such Series Z-1 Incentive Units minus (b) the product of (i) such adjusted capital account balance allocable to such Series Z-1 Incentive Unit multiplied by (ii) (x) 100% less (y) the Conversion Ratchet

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Percentage applicable to such Series Z-1 Incentive Unit, minus (c) any unpaid capital commitment (2) the average adjusted capital account balance properly allocable to one OPU determined immediately prior to such conversion.

(4) 4. A capital contribution of \$1.00 per Series Z-1 Incentive Unit.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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