

SIMON PROPERTY GROUP INC /DE/  
Form DEF 14A  
March 27, 2009

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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

Filed by a Party other than the Registrant

Check the appropriate box:

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

**Simon Property Group, Inc.**

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(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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o Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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March 27, 2009

Dear Fellow Stockholder:

It is my pleasure to invite you to the 2009 Annual Meeting of Stockholders of Simon Property Group, Inc. This year's meeting will be held on Friday, May 8, 2009 at 10:00 a.m. (EDT), at our executive offices located at 225 West Washington Street, Indianapolis, Indiana. At the meeting, stockholders will vote on the business items listed in the notice of the meeting, which follows on the next page.

This year we are again exercising the option to furnish proxy materials to stockholders over the Internet. Based on our experience last year, we believe that the e-proxy process expedites stockholders' receipt of proxy materials, lowers our costs and reduces the environmental impact of our annual meeting. On March 27, 2009, we mailed to a majority of our stockholders a Notice containing instructions on how to access our Proxy Statement and 2008 Annual Report to Stockholders and vote online. All other stockholders will receive these materials by mail. The proxy statement contains instructions on how you can (i) receive a paper copy of the proxy statement and annual report, if you only received a Notice by mail, or (ii) elect to receive your proxy statement and annual report over the Internet, if you received them by mail this year.

**Whether or not you plan to attend the meeting, your vote is especially important and we encourage you to vote promptly. We have four related items of business on the agenda for this year's meeting involving amendments to our Charter. Our Charter currently provides that effective at the meeting the number of directors will be reduced to nine. The Board of Directors believes that, in particular, the approval of the amendment to the Charter that would allow us to have a Board of up to fifteen members rather than nine is clearly in the best interests of stockholders. We have identified three nominees for election at this meeting, all of whom would be independent directors, who can only be elected if this Charter amendment is approved. Two of those nominees would be new directors and each would bring a wealth of talent and experience to the Board.**

You may vote your shares via a toll-free telephone number or over the Internet. If you received a paper copy of the proxy card by mail, you may sign, date and mail the proxy card in the envelope provided. Instructions regarding all three methods of voting are contained in the proxy statement and on the proxy card.

I look forward to seeing you at the annual meeting.

Sincerely,

David Simon  
Chairman of the Board  
and Chief Executive Officer

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Simon Property Group, Inc.  
225 West Washington Street  
Indianapolis, Indiana 46204

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

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TIME	10:00 a.m. (EDT) on Friday, May 8, 2009
PLACE	225 West Washington Street Indianapolis, Indiana 46204
ITEMS OF BUSINESS	<ol style="list-style-type: none"><li>(1) To approve four proposals to amend the Charter to:<ol style="list-style-type: none"><li>(a) provide for the election of up to fifteen directors;</li><li>(b) delete supermajority voting requirements;</li><li>(c) increase the number of authorized shares of common stock; and</li><li>(d) delete or change obsolete or unnecessary provisions.</li></ol></li><li>(2) To elect a total of up to twelve directors, including four directors to be elected by the holders of Class B common stock.</li><li>(3) To authorize management to adjourn, postpone or continue the meeting, if necessary, to solicit additional proxies in the event that there are not sufficient votes at the time of the meeting to adopt Proposal 1(a) or Proposal 1(b).</li><li>(4) To ratify the appointment of Ernst &amp; Young LLP as our independent registered public accounting firm for 2009.</li><li>(5) To transact such other business as may properly come before the meeting.</li></ol>
RECORD DATE	You can vote if you are a stockholder of record on March 9, 2009.
ANNUAL REPORT	Our 2008 annual report to stockholders accompanies but is not part of these proxy materials.
PROXY VOTING	<p>We cordially invite you to attend the meeting, but regardless of whether you plan to be present, please vote in one of these ways:</p> <ol style="list-style-type: none"><li>(1) VISIT THE WEB SITE noted on your proxy card or the Notice of Internet availability of proxy materials to vote via the Internet;</li><li>(2) If you receive a printed copy of the proxy materials by mail, USE THE TOLL-FREE TELEPHONE NUMBER shown on your proxy card (this is a free call in the U.S.);</li><li>(3) If you receive a printed copy of the proxy materials by mail, MARK, SIGN, DATE AND PROMPTLY RETURN your proxy card in the envelope provided, which requires no additional postage if mailed in the U.S.</li></ol> <p>Any proxy may be revoked at any time prior to its exercise at the meeting.</p>
ADMISSION TO THE MEETING	Proof of ownership and a form of photo identification will be required for admission to the meeting. For further information on admission, please refer to the question entitled "What do I need to do to attend the meeting in person?" on page 2 of the proxy statement which follows this notice.

By order of the Board of Directors.

March 27, 2009

James M. Barkley  
Secretary

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Simon Property Group, Inc.  
225 West Washington Street  
Indianapolis, Indiana 46204

**PROXY STATEMENT**

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This proxy statement and accompanying proxy are being provided to stockholders on or about March 27, 2009 in connection with the solicitation by the Board of Directors of Simon Property Group, Inc. ("Simon," "we," "us," "our" or the "company") of proxies to be voted at the 2009 annual meeting on May 8, 2009.

**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING**

**Why did I receive a Notice of Internet Availability of Proxy Materials?**

Certain of our stockholders will receive a Notice of Internet Availability of Proxy Materials, or Notice, which was or will be sent to stockholders on or about March 27, 2009. Instead of initially mailing a printed copy of our proxy materials to all stockholders, we are making our proxy materials available on the Internet. If you received the Notice by mail, you will not receive a printed copy of our proxy materials unless you request it in the manner described in the Notice. The Notice explains how to access and review this proxy statement and our 2008 Annual Report to Stockholders, and how you may vote by proxy.

**What is a proxy?**

A proxy is your legal designation of another person to vote on your behalf. By completing and returning the enclosed proxy card, you are giving the persons named in the proxy card, Herbert Simon and David Simon, the authority to vote your shares in the manner you indicate on your proxy card.

**Who is qualified to vote?**

You are qualified to vote on all matters presented to the stockholders at the meeting if you own shares of our common stock, par value \$.0001 per share or Class B common stock, par value \$.0001 per share, at the close of business on March 9, 2009.

All of the Class B common shares are held by a voting trust as to which Melvin Simon, Herbert Simon and David Simon are the voting trustees. The Board is not soliciting proxies in respect of the Class B common shares.

**How many shares may vote at the meeting?**

On March 9, 2009, there were outstanding 232,062,919 shares of common stock and 8,000 shares of Class B common stock. As a result, a total of 232,070,919 shares are entitled to vote (which we refer to in this proxy statement as the "voting shares") on all matters presented to stockholders at the meeting.

**How many shares must be present to hold the meeting?**

The presence at the meeting in person or by proxy of holders of shares representing a majority of all the votes entitled to be cast at the meeting, or 116,035,460 voting shares, will constitute a quorum for the transaction of business.

**What is the difference between a "stockholder of record" and a "street name" holder?**

These terms describe how your shares are held. If your shares are registered directly in your name with BNY Mellon Shareowner Services, our transfer agent, you are a "stockholder of record." If your shares are held in the name of a brokerage, bank, trust or other nominee as a custodian, you are a "street name" holder.

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**How do I vote my shares?**

*If you are a "stockholder of record," you have several choices. You can vote your shares by proxy:*

By mailing your proxy card;

Over the telephone; or

Via the Internet.

Please refer to the specific instructions set forth on the Notice or printed proxy materials. For security reasons, our electronic voting system has been designed to authenticate your identity as a stockholder.

*If you hold your shares in "street name," your broker/bank/trustee/nominee will provide you with materials and instructions for voting your shares.*

**Can I vote my shares in person at the meeting?**

*If you are a "stockholder of record," you may vote your shares in person at the meeting. If you hold your shares in "street name," you must obtain a proxy from your broker, bank, trustee or nominee, giving you the right to vote the shares at the meeting.*

**What do I need to do to attend the meeting in person?**

Proof of stock ownership and some form of government-issued photo identification (such as a valid driver's license or passport) will be required for admission to the meeting. **Only stockholders who owned Simon Property Group common stock as of the close of business on March 9, 2009, are entitled to attend the meeting.**

If your shares are registered in your name and you owned Simon Property Group, Inc. common stock as of the close of business on March 9, 2009, you only need to provide some form of government issued photo identification for admission.

If your shares are held in a bank or brokerage account, contact your bank or broker to obtain a written legal proxy in order to vote your shares at the meeting. If you do not obtain a legal proxy from your bank or broker, you will not be entitled to vote your shares, but you can still attend the meeting if you bring a recent bank or brokerage statement showing that you owned shares of common stock on March 9, 2009.

**What are my choices when voting?**

Proposals 1(a), 1(b), 1(c), 1(d), 3 and 4 You may cast your vote FOR or AGAINST each proposal, or you may elect to abstain from voting your shares.

Proposal 2 You may cast your vote FOR ALL of the nominees for election as directors or vote AGAINST one or more of the nominees.

**What are the Board's recommendations on how I should vote my shares?**

The Board recommends that you vote your shares as follows:

Proposals 1(a) through 1(d): **FOR** all of the proposed amendments to the Charter.



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Proposal 2: **FOR ALL** of the nominees for election as directors.

Proposal 3: **FOR** the proposal authorizing adjournment, postponement or continuation of the meeting.

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Proposal 4: **FOR** the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm (independent auditors) for the year ending December 31, 2009.

**How would my shares be voted if I do not specify how they should be voted?**

If you sign and return a proxy card without indicating how you want your shares to be voted, the persons named as proxies will vote your shares as follows:

Proposals 1(a) through 1(d): **FOR** the proposed amendments to the Charter.

Proposal 2: **FOR ALL** of the nominees for election as directors.

Proposal 3: **FOR** authorizing management to adjourn, postpone or continue the meeting if necessary.

Proposal 4: **FOR** the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm (independent auditors) for the year ending December 31, 2009.

**What are broker non-votes?**

A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary authority to vote for that particular proposal and has not received instructions from the beneficial owner as to how to vote its shares.

Table of Contents**What vote is required to approve each proposal?**

The voting trustees who vote the Class B common stock have advised us that they intend to vote all shares of the Class B common stock FOR all of the proposals and the election of all nominees. Accordingly, to approve each of the proposals, the following votes are required from the holders of voting shares.

<b>Proposal</b>	<b>Vote Required</b>	<b>Impact of Abstentions and Broker Non-Votes, if any</b>
Amendments to the Charter:		
1(a) provide for the election of up to fifteen directors	Approval by eighty percent (80%) of the outstanding voting shares	Abstentions and broker non-votes will have the same effect as a vote <b>AGAINST</b>
1(b) delete supermajority voting requirements	Approval by eighty percent (80%) of the outstanding voting shares	Abstentions and broker non-votes will have the same effect as a vote <b>AGAINST</b>
1(c) increase the number of authorized shares of common stock	Approval by a majority of the outstanding voting shares	Abstentions and broker non-votes will have the same effect as a vote <b>AGAINST</b>
1(d) delete or change obsolete or unnecessary provisions	Approval by a majority of the outstanding voting shares	Abstentions and broker non-votes will have the same effect as a vote <b>AGAINST</b>
2 election of directors	For the nominees to be elected by the holders of voting shares, approval by a majority of the votes cast. Under our By-Laws, a nominee who receives more <b>AGAINST</b> votes than <b>FOR</b> votes will be required to tender his or her resignation. See "CORPORATE GOVERNANCE MATTERS Majority Vote Standard for Election of Directors."	Abstentions and broker non-votes will not count as votes cast on the proposal and will not affect the outcome of the vote.
3 authorizing management to adjourn, postpone or continue meeting	Approval by a majority of the votes cast	Abstentions and broker non-votes will not count as votes cast on the proposal and will not affect the outcome of the vote
4 ratification of auditors	Approval by a majority of the votes cast	Abstentions and broker non-votes will not count as votes cast on the proposal and will not affect the outcome of the vote

All shares entitled to vote at the meeting are entitled to one vote per share.

**Why is the Board asking stockholders to approve the amendments to the Charter?**

There are four separate proposals on which stockholders will vote on various Charter amendments. The rationale for each of these is discussed under "PROPOSALS 1(a) THROUGH 1(d) PROPOSED AMENDMENTS TO THE CHARTER" which begins on page 16. The Board believes that changing the provision which limits the number of directors and reducing supermajority voting requirements to amend the Charter would improve our



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corporate governance. Proposal 1(a) would permit an increase in the Board of Directors from nine to no more than fifteen members. If this amendment is approved, we intend to initially increase the number of directors to twelve members. We have identified twelve nominees in this proxy statement, including three persons identified as the Additional Nominees, all of whom would be independent directors. Two of the Additional Nominees would be new to the Board. The approval of Proposal 1(a) is a condition to increasing the size of the Board and electing the Additional Nominees. If Proposal 1(a) is not approved, one of our current directors, Pieter S. van den Berg, could not be re-elected.

**What happens if Proposal 1(a) is not approved?**

If the holders of voting shares do not approve Proposal 1(a), the size of the Board will remain fixed at nine members, four of whom are elected by the holders of the Class B common stock. Since there are six current directors elected by the holders of voting shares who are standing for reelection, only five of those persons would be elected. The Board would consist of nine directors—five elected by the holders of voting shares and four elected by the holders of the Class B common stock, each of whom is an employee.

If Proposal 1(a) is approved, the Board of Directors will initially increase the number of directors to twelve and the holders of voting shares will vote on a slate of eight directors, all of whom would be independent directors. The nominees for election by the holders of voting shares are identified in two groups—five nominees if Proposal 1(a) is not approved and eight nominees (including the Additional Nominees) if Proposal 1(a) is approved.

**Why did I receive more than one Notice or proxy card?**

You will receive multiple Notices or cards if you hold your shares in different ways (e.g., joint tenancy, trusts, custodial accounts) or in multiple accounts. If your shares are held by a broker (i.e., in "street name"), you will receive your proxy card or other voting information from your broker, and you will return your proxy card(s) to your broker. You should vote on and sign each proxy card you receive.

**Can I change my vote after I have mailed in my proxy card?**

You may revoke your proxy by doing one of the following:

By sending a written notice of revocation to our Secretary at 225 West Washington Street, Indianapolis, Indiana 46204 that is received prior to the meeting, stating that you revoke your proxy;

By signing a later-dated proxy card and submitting it so that it is received prior to the meeting in accordance with the instructions included in the proxy card(s); or

By attending the meeting and voting your shares in person.

**What happens if additional matters are presented at the annual meeting?**

We know of no other matters other than the items of business described in this proxy statement that can be considered at the meeting. If other matters requiring a vote do arise, the persons named as proxies will have the discretion to vote on those matters for you.

**Who will count the votes?**

Broadridge Financial Solutions, Inc. will count the votes and serve as our inspector of election. The inspector will be present at the meeting.

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**Will the meeting be accessible to disabled persons?**

Our executive offices are accessible to disabled persons. Please call us at least five days in advance at 317-685-7330 if you require any special accommodations.

**How can I review the list of stockholders entitled to vote at the meeting?**

A list of stockholders entitled to vote at the meeting will be available at the meeting and for ten days prior to the meeting, between the hours of 8:45 a.m. and 4:30 p.m., at our offices at 225 West Washington Street, Indianapolis, Indiana 46204. If you would like to view the stockholder list, please contact our Secretary to schedule an appointment.

**Who pays the cost of this proxy solicitation?**

We will pay the cost of preparing, assembling and mailing the proxy materials. We will also request banks, brokers and other holders of record to send the proxy materials to, and obtain proxies from, beneficial owners and will reimburse them for their reasonable expenses in doing so. In addition, we have hired MacKenzie Partners, Inc. to assist in the solicitation of proxies. We will pay MacKenzie Partners a fee of \$10,000 for its services.

**Is this proxy statement the only way that proxies are being solicited?**

Certain employees or other representatives of the company may also solicit proxies by telephone, facsimile, e-mail or personal contact. They will not be specifically compensated for doing so.

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The following table sets forth certain information concerning each person (including any group) known to us to beneficially own more than five percent (5%) of any class of our voting securities as of March 9, 2009. Unless otherwise indicated in the footnotes, shares are owned directly and the indicated person has sole voting and investment power.

Name and Address of Beneficial Owner	Shares <sup>(1)</sup>	
	Number of Shares	% <sup>(2)</sup>
Melvin Simon & Associates, Inc., <i>et al.</i> <sup>(3)</sup> 225 West Washington Street Indianapolis, IN 46204	34,973,352 <sup>(4)</sup>	13.3%
The Vanguard Group, Inc. <sup>(5)</sup> 100 Vanguard Boulevard Malvern, PA 19355	16,834,650	7.3%
Edward J. DeBartolo, Jr., <i>et al.</i> <sup>(6)</sup> 15436 North Florida Avenue, Suite 200 Tampa, FL 33613	15,163,838 <sup>(7)</sup>	6.1%
Barclays Global Investors, NA, <i>et al.</i> <sup>(8)</sup> 45 Fremont Street San Francisco, CA 94105	14,389,653	6.2%
State Street Bank and Trust Company <sup>(9)</sup> One Lincoln Street Boston, MA 02111	13,172,925	5.8%
Cohen & Steers, Inc., <i>et al.</i> <sup>(10)</sup> 280 Park Avenue, 10 <sup>th</sup> Floor New York, NY 10017	12,875,810	5.6%

- (1) Voting shares include shares of common stock and Class B common stock. Upon the occurrence of certain events, Class B common stock converts automatically into common shares (on a one-to-one basis). The amounts in the table also include common shares that may be issued upon the exercise of stock options that are exercisable within 60 days as well as the exchange of units of limited partnership interest, or units, of our majority-owned subsidiary, Simon Property Group, L.P., or the Operating Partnership that are exchangeable either for common shares (on a one-to-one basis) or for cash.
- (2) Assumes the exercise of stock options and exchange of units by the subject holder only.
- (3) This group consists of Melvin Simon & Associates, Inc. ("MSA"), wholly owned subsidiaries of MSA, Melvin Simon, Herbert Simon, David Simon and MH Holdings, Inc. Melvin Simon, Herbert Simon and David Simon are our directors and executive officers. MSA is owned 69.06% by Melvin Simon and 30.94% by Herbert Simon. MH Holdings, Inc. is owned 50% by Melvin Simon and 50% by Herbert Simon. 3,192,000 common shares and 8,000 shares of Class B common stock owned by one or more members of the group are held by voting trusts as to which Melvin Simon, Herbert Simon and David Simon are the voting trustees.
- (4) Includes 4,623,473 common shares currently outstanding; 30,091,879 common shares issuable upon exchange of units; 250,000 common shares issuable upon exercise of stock options that are exercisable within 60 days; and 8,000 shares of Class B common stock. Does not include 3,972,576 common shares issuable upon exchange of units held by members of the Simon Family other than Melvin Simon, Herbert Simon and David Simon or units held by trusts for the benefit of members of the Simon family over which MSA, Melvin Simon, Herbert Simon and David Simon do not have voting or dispositive power.

(5)

Based solely on information provided by The Vanguard Group, Inc. in a Schedule 13G filed with the Securities and Exchange Commission on February 13, 2009. The Vanguard Group, Inc. has the sole power to vote 246,920 shares of common stock and dispose of 16,834,650 shares. Vanguard Fiduciary Trust Company, a wholly owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 246,920 shares of common stock and directs the voting of those shares.

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- (6) The beneficial owners of the securities are Edward J. DeBartolo, Jr., NID Corporation, and certain members of Mr. DeBartolo's family, and trusts established for the benefit of members of Mr. DeBartolo's family or entities in which the foregoing persons directly or indirectly hold interests.
- (7) Includes 4,000 common shares and 15,159,838 common shares issuable upon exchange of units.
- (8) Based solely on information provided by Barclays Global Investors, NA, Barclays Global Fund Advisors, Barclays Global Investors, Ltd., Barclays Global Investors Japan Limited, Barclays Global Investors Canada Limited and Barclay's Global Investors Australia Limited in a Schedule 13G filed with the Securities and Exchange Commission on February 5, 2009. The shares reported are held in trust accounts of an investment trust for the economic benefit of the beneficiaries of those accounts. The Barclays entities collectively have the sole power to vote 13,053,176 shares of common stock and to dispose of 14,389,653 shares.
- (9) Based solely on information provided by State Street Bank and Trust Company in a Schedule 13G filed with the Securities and Exchange Commission on February 13, 2009.
- (10) Based solely on information provided by Cohen & Steers, Inc., Cohen & Steers Capital Management, Inc. and Cohen & Steers Europe S.A. in a Schedule 13G filed with the Securities and Exchange Commission on February 17, 2009. The Cohen & Steers entities have the sole power to vote 10,357,066 shares of common stock and to dispose of 12,875,810 shares.

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**CORPORATE GOVERNANCE MATTERS**

**Policies on Corporate Governance**

Our Board believes that good corporate governance is important to ensure that the company is managed for the long-term benefit of its stockholders. Each year, the Board or one of its committees reviews our Governance Principles, the written charters for each of its standing committees of the Board and our Code of Business Conduct and Ethics and amends them as appropriate to reflect new policies or practices. The current version of each of these documents is available on our Internet website, [www.simon.com](http://www.simon.com), in the About Simon/Investor Relations/Corporate Governance section, and will be provided in print without charge upon written request to our Secretary at 225 West Washington Street, Indianapolis, Indiana 46204. During 2009, we expect that the Board of Directors will consolidate the responsibilities of the Governance and Nominating Committees into a single committee.

The Board of Directors recently amended our By-Laws to adopt a majority voting standard for uncontested elections of directors. In addition, the Board believes that the proposed amendments to our Charter reflected in Proposals 1(a) and 1(b), if approved by the stockholders, would represent improvements to our corporate governance.

We will also either disclose on Form 8-K or post on our Internet website any substantive amendment to, or waiver from, a provision of the Code of Business Conduct and Ethics that applies to any of our directors or executive officers.

**Director Independence**

As permitted by the rules of the New York Stock Exchange, the Board has adopted categorical standards to assist it in making determinations of director independence. These standards incorporate, and are consistent with, the definition of "independent" contained in the New York Stock Exchange listing rules. These standards are included in our Governance Principles, which are available on our Internet website, [www.simon.com](http://www.simon.com), as described above. The Board has affirmatively determined that each of the persons nominated for election as directors by the holders of voting shares, including the three persons identified as Additional Nominees, meets these categorical standards and is independent.

Melvin Simon, Herbert Simon, David Simon and Mr. Sokolov are our employees and, accordingly, are not independent.

As discussed below, we are seeking approval of a Charter amendment that would permit the election of eight directors who would qualify as independent. If the Charter amendment is not approved, only five directors who qualify as independent would be elected.

**Majority Vote Standard for Election of Directors**

We recently amended our By-Laws to adopt a majority voting standard for the election of directors. This means that any director who, in an uncontested election, receives a greater number of "against" votes than "for" votes must promptly tender his or her resignation to the Board of Directors, subject to its acceptance. The Governance Committee will promptly consider the resignation and recommend to the Board whether to accept or reject it. Both the committee and the Board may consider any factors they deem appropriate and relevant to their actions.

The Board will act on the tendered resignation, taking into account the Governance Committee's recommendation. The affected director cannot participate in any part of the process. We will publicly disclose

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the Board's decision by a press release, a filing with the Securities and Exchange Commission or other broadly disseminated means of communication within 90 days after the vote is certified.

In a contested election (a situation in which the number of nominees exceeds the number of directors to be elected), the standard for election of directors will be a plurality of the votes cast by the holders of shares entitled to vote on the election of directors, provided a quorum is present.

**Nominations for Directors**

The Nominating Committee will consider director nominees recommended by stockholders. A stockholder who wishes to recommend a director candidate for consideration by the Nominating Committee should send such recommendation to our Secretary at 225 West Washington Street, Indianapolis, Indiana 46204, who will forward it to the Nominating Committee. Any such recommendation should include a description of the candidate's qualifications for Board service, the candidate's written consent to be considered for nomination and to serve if nominated and elected, and addresses and telephone numbers for contacting the stockholder and the candidate for more information. A stockholder who wishes to nominate an individual as a director candidate at the annual meeting of stockholders, rather than recommend the individual to the Nominating Committee as a nominee, must comply with the advance notice requirements set forth in our By-Laws.

Our Governance Principles provide that all candidates for election as members of the Board should possess high personal and professional ethics, integrity and values and be committed to representing the long-term interests of our stockholders and otherwise fulfilling the responsibilities of directors as described in our Governance Principles. Our Governance Principles further provide that our directors should not serve on more than four boards of public companies, including our Board, unless the Board or Governance Committee determines that serving on more than four boards does not impair the ability of the director to serve as an effective member of our Board. In recommending candidates to the Board for election as directors, the Nominating Committee will consider the foregoing minimum qualifications as well as each candidate's credentials, keeping in mind our desire, as stated in our Governance Principles, to have a Board representing diverse experiences and backgrounds, as well as areas that are relevant to our business activities.

**Communications with the Board**

The Board has implemented a process by which our stockholders and other interested parties may communicate with one or more members of our Board, its committees or the independent directors as a group in a writing addressed to Simon Property Group, Inc., Board of Directors, c/o Secretary, 225 West Washington Street, Indianapolis, Indiana 46204. The Board has instructed our Secretary to promptly forward all such communications to the specified addressees thereof.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, requires our directors, executive officers and beneficial owners of more than 10% of our capital stock to file reports of ownership and changes of ownership with the Securities and Exchange Commission and the New York Stock Exchange. Based on our records and other information, we believe that during the year ended December 31, 2008 all applicable Section 16(a) filing requirements were met.

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**TRANSACTIONS WITH RELATED PERSONS**

**Policy**

On an annual basis, each director and executive officer is obligated to complete a director and officer questionnaire which requires disclosure of any transactions with us in which the director or executive officer, or any member of his or her immediate family, has an interest. Pursuant to our Code of Business Conduct and Ethics, which is available in the About Simon/Investor Relations/Corporate Governance section of our Internet website at [www.simon.com](http://www.simon.com), the Audit Committee must review and approve all related person transactions in which any executive officer, director, director nominee or more than 5% stockholder of the company, or any of their immediate family members, has a direct or indirect material interest. Pursuant to the charter of the Audit Committee, which is available in the About Simon/Investor Relations/Corporate Governance section of our Internet website at [www.simon.com](http://www.simon.com), the Audit Committee may not approve a related person transaction unless (1) it is in or not inconsistent with our best interests and (2) where applicable, the terms of such transaction are at least as favorable to us as could be obtained from an unrelated third party.

Our general counsel is charged with reviewing any conflict of interest involving any other employee.

**Transactions with the Simons**

In 1993, we entered into noncompetition agreements with Melvin Simon, Herbert Simon and David Simon, collectively, the Simons, all of whom are our officers. Pursuant to such agreements and except as set forth below, Melvin Simon and Herbert Simon are prohibited from engaging in the shopping center business in North America other than through the company or as passive investors until the date that they are no longer our directors or officers, and David Simon is prohibited from engaging in the shopping center business in North America other than through the company and, with certain exceptions, for two years after he resigns or is terminated for cause. These restrictions will not prohibit Melvin Simon, Herbert Simon or David Simon from owning an interest in four (now three) shopping centers owned by the Simons that were not contributed to the Operating Partnership at the time of our predecessor's initial public offering in 1993. It is anticipated that such commitments will not, in the aggregate, involve a material amount of time, but no assurance can be given in this regard. In addition, Melvin Simon and Herbert Simon may pursue other investment activities in which they are currently engaged.

We manage the shopping centers referred to above pursuant to management agreements that provide for a management fee and reimbursement of our direct and indirect costs. In 2008, we received \$2,667,190 in fees and reimbursements for managing these centers. Although some of the agreements were not negotiated on an arms-length basis, they have been reviewed and approved by the Audit Committee and management believes that their terms are fair to us.

We provide MSA with office space and other support services in exchange for MSA's payment to us for the cost of those services. In 2008, MSA paid us \$1,250,000 as MSA's share of the cost of these services. We also reimburse companies owned by MSA and David Simon, respectively, for our business use of the aircraft owned and operated by such entities. Our reimbursement for aircraft use is based upon a below market hourly cost of operating each of the aircraft in question and the verified number of hours of our use, plus reimbursement for certain out-of-pocket expenses. For our business use of aircraft in 2008, we reimbursed MSA \$544,400 and David Simon's company \$495,583. In addition, we reimbursed MSA \$119,900 for maintenance, pilot and other support services that MSA provided with respect to our use of David Simon's company's aircraft. These payments and reimbursements were reviewed and approved by the Audit Committee.

Our Charter requires that at least a majority of our directors be neither our employees nor members or affiliates of members of the Simon family (including Melvin Simon, Herbert Simon, David Simon, members of the immediate family of any of the foregoing, other lineal descendants of any of the foregoing, estates of any of

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the foregoing, trusts established for the benefit of any of the foregoing or entities controlled by any of the foregoing). Our Charter further requires that transactions involving us in our capacity as general partner of the Operating Partnership, in which any member or affiliate of any member of the Simon family has an interest must, in addition to any other vote that may be required, be approved in advance by a majority of such "independent directors".

**Other Transactions**

Some of the limited partners of the Operating Partnership guarantee a portion of the mortgage debt obligations on certain properties through foreclosure guarantees. In each case, the loans (which are without recourse against us and our affiliates) were made by unrelated third party institutional lenders and the guarantees are for the benefit of each lender. In the event of foreclosure of the mortgaged property, the proceeds from the sale of the property are first applied against the amount of the guarantee and also reduce the amount payable under the guarantee. To the extent the sale proceeds from the disposal of the property do not cover the amount of the guarantee, then the limited partner is liable to pay the difference between the sale proceeds and the amount of the guarantee so that the entire amount guaranteed to the lender is satisfied. In addition, some of the limited partners have executed capital contribution obligation agreements which guarantee a portion of our third-party unsecured non-recourse debt obligations. In the event these loans are called, the proceeds realized from the lenders' exercise of their remedies would be applied against and reduce the amount of the contribution obligation. To the extent the proceeds from the exercise of lenders' remedies are less than the amount of the contribution obligation, the limited partner would be obligated to make a capital contribution in an amount equal to the shortfall in the proceeds. As of December 31, 2008, the following directors, executive officers and beneficial owners of more than 5% of any class of our voting securities guaranteed the indicated amounts: Edward J. DeBartolo, Jr., et al. \$110,039,163; and MSA, wholly owned subsidiaries of MSA, Melvin Simon, Herbert Simon, David Simon and members of the Simon family \$63,775,000.

**MEETINGS AND COMMITTEES OF THE BOARD**

**Meetings and Attendance**

Our business, property and affairs are managed under the direction of our Board of Directors. Members of our Board of Directors are kept informed of our business through discussions with our Chief Executive Officer, other officers and our Lead Independent Director, by reviewing materials provided to them, by visiting our offices and properties, and by participating in meetings of the Board and its committees. Directors are also expected to use reasonable efforts to attend the annual meeting of stockholders. All directors, except for former director, M. Denise DeBartolo York, attended the 2008 annual meeting. During 2008, the Board of Directors met four times. Much of the Board's oversight responsibilities are conducted through its five standing committees. Those committees consist of an Audit Committee, a Compensation Committee, a Governance Committee, a Nominating Committee and an Executive Committee. As noted above, the Board of Directors expects to consolidate the Governance and Nominating Committees into a single committee later this year. During 2008, all directors participated in 75% or more of the aggregate number of meetings of the Board and the committees on which they served.

**Executive Sessions of Independent Directors**

The independent directors meet in executive session without management present following each regularly scheduled Board meeting. In addition, the Board has designated J. Albert Smith, Jr. as Lead Independent Director. In such capacity, Mr. Smith presides over the executive sessions and serves as a liaison between the independent directors and the senior management team.

Table of Contents**Committee Membership**

The table below provides current membership information for each of the standing committees of the Board.

Name	Audit	Compensation	Governance	Nominating	Executive
Birch Bayh <sup>(1)</sup>			X	X <sup>(2)</sup>	
Melvyn E. Bergstein	X	X <sup>(2)</sup>		X	
Linda Walker Bynoe		X	X		
Karen N. Horn, Ph.D.		X	X <sup>(2)</sup>	X	
Reuben S. Leibowitz	X	X			
David Simon					X <sup>(2)</sup>
Herbert Simon					X
Melvin Simon					X
J. Albert Smith, Jr. <sup>(3)</sup>	X <sup>(2)</sup>		X	X	
Richard S. Sokolov					X
Pieter S. van den Berg			X		
2008 Meetings	9	9	3	2	0

(1) Mr. Bayh has decided to retire from the Board and not stand for reelection at the meeting.

(2) Chair

(3) Lead Independent Director.

**The Audit Committee**

The Audit Committee assists the Board in monitoring the integrity of our financial statements, the qualifications, independence and performance of our independent registered public accounting firm, the performance of our internal audit function and our compliance with legal and regulatory requirements. The Audit Committee has sole authority to appoint, subject to stockholder ratification, or replace our independent registered public accounting firm and pre-approves the auditing services and permitted non-audit services to be performed by our independent registered public accounting firm, including the fees and terms thereof. The Audit Committee has authority to retain legal, accounting or other advisors. The Audit Committee reviews and discusses with management and our independent registered public accounting firm our annual audited financial statements, our quarterly earnings releases and financial statements, significant financial reporting issues and judgments made in connection with the preparation of our financial statements and any major issues regarding the adequacy of our internal controls. It also issues the report on its activities which appears on pages 29 to 31 of this proxy statement. The charter of the Audit Committee requires that each member meet the independence and experience requirements of the New York Stock Exchange, the Exchange Act and the rules and regulations of the Securities and Exchange Commission.

The Board of Directors has determined that all current members of the Audit Committee qualify as an "audit committee financial expert" as defined by rules of the Securities and Exchange Commission.

**The Compensation Committee**

The Compensation Committee (1) sets remuneration levels for our executive officers, (2) reviews significant employee benefit programs, (3) establishes and administers our executive compensation programs and our stock incentive plan, (4) discusses with management the Compensation Discussion and Analysis, or

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CD&A, and, if appropriate, recommends its inclusion in our annual report on Form 10-K and proxy statement and (5) issues the report on its activities which appears on page 33 of this proxy statement. The CD&A begins on page 34 of this proxy statement.

The Compensation Committee has authority to retain the advice and assistance of compensation consultants and legal, accounting or other advisors. The Compensation Committee has retained Frederic W. Cook & Co., Inc., or Cook, as its independent compensation consultant to assist in the design of our executive compensation programs and to provide the Compensation Committee with executive compensation data from other companies of comparable size. In addition, the Compensation Committee reviews and takes into consideration the recommendations of management when making determinations on the compensation of all executive officers other than our Chief Executive Officer. As discussed in the CD&A under "Role of Management in Compensation Decisions", these recommendations are initially developed by our human resources department and are then reviewed by our Chief Executive Officer, who may make adjustments based upon his subjective assessment of the executive's performance.

**Compensation Committee Interlocks and Insider Participation**

Although our Charter requires that the Compensation Committee have at least one member elected by holders of the Class B common stock, the holders of Class B common stock have waived that right. The charter of the Compensation Committee requires that each member meet the independence requirements of the New York Stock Exchange.

If Proposal 1(c) is approved, the holders of the Class B common stock will no longer have the right to appoint a member of the Compensation Committee.

No member of the Compensation Committee during 2008 was an officer, employee or former officer of us or any of our subsidiaries or had any relationship requiring disclosure in this proxy statement pursuant to Securities and Exchange Commission regulations. None of our executive officers served as a member of a compensation committee or a director of another entity under the circumstances requiring disclosure in this proxy statement pursuant to Securities and Exchange Commission regulations.

**The Governance Committee**

The Governance Committee addresses a broad range of issues surrounding the composition and operation of the Board, develops and recommends to the Board the Governance Principles applicable to the company and the Board, leads the Board in its annual evaluation of the Board's performance, oversees the assessment of the independence of each director and makes recommendations regarding compensation for non-employee directors. The Governance Committee has the authority to retain legal, accounting or other advisors, and has sole authority to approve the fees and other terms and conditions associated with retaining any such external advisors. The charter of the Governance Committee requires that each member meet the independence requirements of the New York Stock Exchange.

**The Nominating Committee**

The Nominating Committee nominates persons to serve as directors and, in consultation with the Governance Committee and in accordance with our Governance Principles, proscribes appropriate qualifications for Board members. Members of the Nominating Committee are responsible for screening director candidates, but may solicit advice from our Chief Executive Officer and other members of the Board. The Nominating Committee currently has four members, with two members appointed by the holders of the Class B common stock. The members of the Nominating Committee who are appointed by the holders of the Class B common stock have the sole right to nominate the directors to be elected by such holders. Each member of the Nominating Committee meets the independence requirements of the New York Stock Exchange.

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If Proposal 1(c) is approved by the stockholders, the right of the holders of the Class B common stock to appoint any members to the Nominating Committee would terminate. The right of the holders of the Class B common stock to nominate the directors they elect would not be affected.

The nominees for election as directors by the holders of voting shares include Allan Hubbard and Daniel C. Smith, who have not previously served as our directors. As explained below, the election of Mr. Hubbard and Daniel C. Smith is contingent upon the approval of Proposal 1(a). Mr. Hubbard's nomination was recommended by J. Albert Smith, Jr., our Lead Independent Director. We did not pay any fees to third parties to identify or evaluate or assist in identifying or evaluating Mr. Hubbard or Daniel C. Smith or any other potential nominees.

**The Executive Committee**

The Executive Committee can exercise all of the authority of the full Board of Directors except for those matters which Delaware law or our organizational documents require the full Board of Directors to act. The Executive Committee can approve any acquisition, disposition or investment in real estate in which our proportionate share of the transaction is less than \$100 million. If our share is greater than \$100 million, but less than \$250 million, the Executive Committee can only approve the transaction with the consent of the Lead Independent Director. In addition, the Executive Committee can approve any financing or refinancing transaction in which our proportionate share is less than \$500 million. Actions taken by the Executive Committee are reported to the full Board of Directors at its next meeting.



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**PROPOSALS 1(a) THROUGH 1(d) PROPOSED AMENDMENTS TO THE CHARTER**

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Our Board of Directors has unanimously adopted resolutions to amend a number of provisions of our Charter, determined the advisability of the amendments and has recommended the submission of the amendments for stockholder approval at the meeting. The proposed Charter amendments are described below. A form of an amended and restated Charter, marked to reflect the changes contemplated by Proposals 1(a) through 1(d), including additional conforming changes, is attached to this proxy statement as Appendix A. This summary of the proposed amendments to the Charter is qualified in its entirety by reference to Appendix A.

**Proposal 1(a) Amendment to Paragraph (a) of Article FIFTH Respecting Number of Directors**

The first Charter amendment proposal is to revise paragraph (a) of Article FIFTH to provide for (1) the election of up to fifteen directors, including any directors to be elected by the holders of the Class B common stock and (2) the number of directors to be fixed from time to time pursuant to our By-Laws or by resolution of the Board of Directors.

The primary purpose of these amendments is to replace the Charter provision that requires a nine-person Board of Directors with a provision that would allow the number of directors to be set from time to time by the Board or the stockholders up to a maximum of fifteen.

The conversion of the Class C common stock during 2008 had the consequence of automatically reducing the number of directors to nine effective at the annual meeting. The Board currently has eleven members. Unless Proposal 1(a) is approved, the number of directors will be reduced from eleven to nine, four of whom are elected by the holders of the Class B common stock. The Board of Directors believes that the reduction in the size of the Board will make it more difficult for the Board and its standing committees to fulfill their oversight responsibilities. Under the rules of the Securities and Exchange Commission and the New York Stock Exchange, a majority of the Board of Directors must be comprised of persons the Board determines are independent under applicable rules. All of the Class B directors are employees and, accordingly, do not meet the requirements to be considered independent directors or to serve on the Audit, Compensation or Nominating Committees.

Although we would still meet applicable requirements for the number of independent directors serving on the Board and its committees, the Board of Directors believes that being able to increase the number of directors so that at least two-thirds of its members can qualify as independent would represent an improvement to our corporate governance and permit the addition of members who bring a variety of areas of expertise and viewpoints to the Board. Accordingly, if Proposal 1(a) is approved, the Board would initially increase the number of directors to twelve eight elected by the holders of voting shares and four by the holders of the Class B common stock.

The election of the three Additional Nominees identified in Proposal 2 is conditioned upon approval of this proposal by 80% of the outstanding voting shares. The Board of Directors believes that the proposed amendment is in our best interests as it will permit Mr. van den Berg to continue to serve as a director and will also allow the addition of Mr. Hubbard and Daniel C. Smith. Each of the Additional Nominees is well qualified to serve as a director and would also meet all requirements necessary to be determined as independent directors. The expansion of the Board would also facilitate a more effective division of responsibilities among the standing committees of the Board, which other than the Executive Committee, must be comprised solely of independent directors.

Although the approval of this proposal will not affect the right of the holders of the Class B common stock to elect four directors, that right would be affected in two circumstances. First, the number of Class B directors would decline to two if the aggregate ownership interest of the Simon family and related interests is reduced to

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less than one-half of the aggregate ownership interest they had on August 9, 1996. Second, the right to elect directors would terminate if the aggregate ownership interest of the Simon family and related interests falls below 5%.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR PROPOSAL 1(a).**

**Proposal 1(b) Amendment Limiting Supermajority Voting Requirements**

The second Charter amendment proposal is to revise paragraph (b) of Article SIXTH to eliminate the current 80% supermajority vote requirement that applies to amendments to four specific provisions of the Charter. If Proposal 1(b) is approved, then any future amendment, repeal or adoption of provisions inconsistent with the following provisions will no longer require an 80% vote from the holders of voting shares:

Article FIFTH which contains the provisions regarding the number of directors (which are proposed to be amended as discussed above) and the composition of the standing committees of the Board of Directors;

Paragraph (a)(iv)(e) of Article SIXTH which limits the personal liability of directors for monetary damages for certain breaches of fiduciary duty;

Paragraph (a)(v) of Article SIXTH which authorizes the Board of Directors to specify advance notice requirements for stockholder proposals and stockholder nominations of candidates for director; and

Paragraph (b) of Article SIXTH which requires a supermajority vote respecting any change to the three provisions listed above.

The primary purpose of these amendments is to eliminate provisions that currently limit the ability of stockholders to amend the Charter in the future by requiring a supermajority vote. The Board believes that eliminating all of the supermajority approval requirements with the exception noted above would enhance the rights of stockholders and our corporate governance practices.

If Proposal 1(b) is approved, then the sole provision in the Charter that could only be amended with a supermajority vote is paragraph (c) of Article FOURTH which specifies the preferences, conversion rights, voting powers and other terms of the Class B common stock. All other amendments to the Charter would require the affirmative vote of the holders of a majority of the outstanding voting shares.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR PROPOSAL 1(b).**

**Proposal 1(c) Amendments to Increase Number of Authorized Shares of Common Stock**

The third Charter amendment proposal is to increase the number of authorized shares of common stock. Specifically, paragraph (a) of Article FOURTH would be changed to increase the total number of authorized shares of stock from 750,000,000 to 850,000,000, increase the number of authorized shares of common stock from 400,000,000 to 511,990,000, decrease the number of authorized shares of Class B common stock from 12,000,000 to 10,000, eliminate the 4,000 authorized shares of Class C common stock, and increase the number of authorized shares of Excess Common Stock from 237,990,000 to 238,000,000.

The primary purpose of this amendment is to make our capital structure more flexible.

The increase in authorized shares of common stock by 111,990,000 shares will enhance the flexibility of our capital structure by allowing for the issuance of additional shares of common stock by the Board of Directors without amending the Charter. As of March 9, 2009, there were 232,062,919 shares of common stock

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outstanding and an additional 63,872,691 shares of common stock were reserved for issuance pursuant to the conversion of outstanding shares of preferred stock, the exercise of exchange rights by limited partners of the Operating Partnership and the exercise of outstanding stock-based awards.

The additional authorized shares of common stock will be available for general purposes, including capital raising transactions, acquisitions, employee benefit plans and other uses. We currently have no specific plans or understandings with respect to the issuance of any of the additional shares except for the issuance of shares previously reserved for issuance pursuant to conversion rights of holders of preferred shares and exchange rights of limited partners and under stockholder-approved equity compensation plans.

The increase in the authorized number of shares of common stock could have possible anti-takeover effects. These authorized but unissued shares could (within the limits imposed by applicable law and NYSE rules) be issued in one or more transactions that could make a change of control of us more difficult, and therefore more unlikely. The additional authorized shares could be used to discourage persons from attempting to gain control of us by diluting the voting power of shares then outstanding or increasing the voting power of persons who would support the Board of Directors in a potential takeover situation, including by preventing or delaying a proposed business combination that is opposed by the Board although perceived to be desirable by some stockholders.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR PROPOSAL 1(c).**

**Proposal 1(d) Amendments to Delete Obsolete or Unnecessary Provisions**

The fourth Charter amendment proposal is to change or delete a number of provisions which are obsolete due to developments in our ownership and structure that have taken place since the Charter was adopted in 1998 or are no longer considered necessary. The Charter provisions that would be affected are as follows:

Paragraph (c)(3)(B) of Article FOURTH would be revised to provide that, in the event of a transaction which results in the issuance of cash, stock, debt or securities to holders of common shares and Class B common stock, the holders of the two classes will receive the same consideration on a per share basis, except that the two classes may receive classes of voting securities with different voting and other rights to the extent that the common shares and Class B common stock differ in the same respects; however, the foregoing limitation would not apply to a transaction that is approved by the affirmative vote of the holders of a majority of the class of stock which is adversely affected.

Paragraph (c-1) of Article FOURTH which designates the preferences, conversion and other rights of the Class C common stock would be deleted, as would the related provisions in paragraphs (b)(2) and (g) of Article FIFTH and all references and defined terms in Article NINTH that relate to the Class C common stock or its holders.

Paragraph (e) of Article FOURTH which identifies the members of our Board of Directors in office at the time the Charter was adopted in 1998 and paragraph (e) of Article FIFTH which referred to those directors would be deleted.

Paragraph (c-2) of Article FOURTH which refers to series of preferred stock that are no longer outstanding would be deleted, references to the currently outstanding series of preferred stock that were authorized after 1998 would be added and copies of the certificates of designation for the currently outstanding series of preferred stock would replace the certificates of designation for series of preferred stock that are no longer outstanding. Copies of the new certificates of designation are not attached as Exhibits A, B, C and D to the restated Charter that appears as Appendix A, but will be added before filing the restated Charter. Copies of the omitted exhibits to Appendix A can be obtained without charge upon request.

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Paragraph (d) of Article FIFTH which relates to the standing committees of the Board of Directors would be amended to eliminate the rights of the holders of Class B common stock and Class C common stock to designate members to such committees and to reflect our current standing committee structure. This would facilitate the consolidation of the Governance and Nominating Committees into a single committee comprised entirely of independent directors.

Paragraph (f) of Article FIFTH which requires the affirmative vote of the Independent Directors to approve transactions between us and any members of the Simon family or related interests would be revised to delete references to entities that no longer exist or which we now own and so are no longer owned or controlled by the Simon family.

Paragraph (d) of Article SIXTH would be revised to require that the number of Independent Directors whose vote is necessary to sell any property owned by a partnership of which we are a general partner from a fixed number of six to a variable number of three-fourths of the Independent Directors.

Article SEVENTH which relates to the "paired-share" relationship between us and the former affiliate, SPG Realty Consultants, Inc., would be deleted.

The primary purposes of these amendments are to update the Charter which has not been amended since it was adopted in 1998.

Some of the changes in this proposal delete provisions made unnecessary by the conversion of the Class C common stock and changes in relationships with former affiliates. Other changes accommodate corporate governance requirements or clarify existing provisions. None of these changes in Proposal 1(d) are intended to have any adverse effect on the rights of our stockholders.

If Proposal 1(d) is approved, we will file the restated Charter with the Delaware Secretary of State shortly following the meeting and will incorporate into the restatement the amendments to the Charter contemplated by Proposal 1(a), 1(b) or 1(c) to the extent they are approved at the meeting.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR PROPOSAL 1(d).**

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**PROPOSAL 2 ELECTION OF DIRECTORS**

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As a consequence of the conversion last year of the Class C common stock into common shares, effective at the meeting, the size of the Board of Directors will be reduced from eleven to nine directors, four of whom are to be elected by the holders of the Class B common stock. Contingent upon the approval of Proposal 1(a), the Board of Directors has approved setting the number of directors at twelve, including the four Class B directors and eight directors to be elected by the holders of voting shares, all of whom would be independent directors.

Our Board of Directors has nominated the following five persons listed below as "Nominees for Director to be Elected by Holders of Voting Shares." Mr. Bayh, who has been a director since 1993, has decided to retire from the Board and not stand for reelection. The Class B holders have nominated the four persons listed below as "Nominees for Director to be Elected by the Holders of Class B Common Stock." All of these four nominees are currently Class B directors.

Under the current provisions of the Charter, the Board of Directors does not have the authority to change the number of directors from nine. Accordingly, the election of the three persons listed below as "Additional Nominees" is subject to the approval of Proposal 1(a) which would permit the Board of Directors to change the number of directors subject to a maximum of fifteen.

If Proposal 1(a) is not approved, then, the persons holding the proxies for the voting shares will not vote for the election of the Additional Nominees, and the number of directors will be fixed at nine. Each person elected will serve until the 2010 annual meeting of stockholders and until his or her successor has been elected.

Our employment agreement with Mr. Sokolov contemplates that he will be elected to the Board of Directors and holders of Class B common shares have agreed to elect Mr. Sokolov to the Board.

We expect each nominee for election as a director to be able to serve if elected. If any nominee is not able to serve, proxies will be voted in favor of the remainder of those nominated and may be voted for substitute nominees.

The names, principal occupations and certain other information about the nominees for director are set forth on the following pages.

**Security Ownership of Directors and Officers**

As of March 9, 2009, the nominees and our named executive officers:

owned beneficially the indicated number and percentage of common shares and Class B common stock treated as a single class; and

owned beneficially the indicated number and percentage of units which are exchangeable for common shares on a one-for-one basis or cash, as determined by the Board.

Unless otherwise indicated in the footnotes, shares or units are owned directly and the indicated person has sole voting and investment power.

No nominee or named executive officer beneficially owns any shares of our preferred stock that has the right to vote on any matter presented to stockholders at the meeting.

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Name and Age as of the May 8, 2009 Meeting Date	Position, Principal Occupation, Business Experience and Directorships <sup>(1)</sup>	Number of Shares <sup>(2)(3)(4)</sup> and Units, and Percent of Shares <sup>(5)</sup> and Units <sup>(6)</sup> Beneficially Owned as of March 9, 2009
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NOMINEES FOR DIRECTOR TO BE ELECTED BY HOLDERS OF VOTING  
SHARES

Melvyn E. Bergstein	67 Chairman of the Board of Directors of Diamond Management & Technology Consultants, Inc., a management and advisory firm, since 2006. Previously served as Chairman and CEO of Diamond and its predecessors, Diamondcluster, Inc. and Diamond Technology Partners, Inc. since its founding in 1994. From 1968 to 1989, Mr. Bergstein served in several capacities with Arthur Andersen & Co.'s consulting division (now Accenture). Our director since 2001. Member of our Audit, Compensation and Nominating Committees.	Shares: 20,261 Percent of Shares: * Units: 0 Percent of Units:
Linda Walker Bynoe	56 President and Chief Executive Officer of Telemat Ltd., a management consulting firm, since 1995 and prior to that Chief Operating Officer since 1989. Ms. Bynoe served as a Vice President-Capital Markets for Morgan Stanley from 1985 to 1989, joining the firm in 1978. Ms. Bynoe serves as a director of Anixter International, Inc., Northern Trust Corporation and Prudential Retail Mutual Funds. Our director since 2003. Member of our Compensation and Governance Committees.	Shares: 10,562 Percent of Shares: * Units: 0 Percent of Units:

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Name and Age as of the May 8, 2009 Meeting Date	Position, Principal Occupation, Business Experience and Directorships <sup>(1)</sup>	Number of Shares <sup>(2)(3)(4)</sup> and Units, and Percent of Shares <sup>(5)</sup> and Units <sup>(6)</sup> Beneficially Owned as of March 9, 2009
NOMINEES FOR DIRECTOR TO BE ELECTED BY HOLDERS OF VOTING SHARES (continued)		
Karen N. Horn, Ph.D.	65 Senior Managing Director of Brock Capital Group, a corporate advisory and investment banking firm, since 2003. Retired President, Global Private Client Services and Managing Director, Marsh, Inc., a subsidiary of MMC, having served in these positions from 1999 to 2003. Prior to joining Marsh, she was Senior Managing Director and Head of International Private Banking at Bankers Trust Company; Chairman and Chief Executive Officer, Bank One, Cleveland, N.A.; President of the Federal Reserve Bank of Cleveland; Treasurer of Bell of Pennsylvania; and Vice President of First National Bank of Boston. Ms. Horn serves as a director of Eli Lilly and Company, Norfolk Southern Corporation and T. Rowe Price Mutual Funds. She is also Vice Chairman of the U.S. Russia Investment Fund, a presidential appointment, and a member of the Executive Committee of the National Bureau of Economic Research. Our director since 2004. Member of our Compensation, Governance and Nominating Committees.	Shares: 8,636 Percent of Shares: * Units: 0 Percent of Units:
Reuben S. Leibowitz	61 Managing Director of JEN Partners, a private equity firm, since 2005. Mr. Leibowitz was a Managing Director of Warburg Pincus from 1984 to 2005. He was a director of Chelsea Property Group, Inc. from 1993 until it was acquired by the	Shares: 11,366 <sup>(7)</sup> Percent of Shares: * Units: 0 Percent of Units:

company in 2004. Our director  
since 2005. Member of our Audit  
and Compensation Committees.



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Name and Age as of the May 8, 2009 Meeting Date	Position, Principal Occupation, Business Experience and Directorships <sup>(1)</sup>	Number of Shares <sup>(2)(3)(4)</sup> and Units, and Percent of Shares <sup>(5)</sup> and Units <sup>(6)</sup> Beneficially Owned as of March 9, 2009
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NOMINEES FOR DIRECTOR TO BE ELECTED BY HOLDERS OF VOTING  
SHARES  
(continued)

J. Albert Smith, Jr.	68 President of Chase Bank in Central Indiana and Managing Director of JPMorgan Private Bank since 2005. Mr. Smith was President of Bank One Central Indiana from 2001 to 2005; Managing Director of Bank One Corporation from 1998 to 2001; President of Bank One, Indiana, NA from 1994 to 1998; and President of Banc One Mortgage Corporation from 1974 to 1994. A director of the company or its predecessor since 1993. Lead Independent Director and member of our Audit, Governance and Nominating Committees.	Shares: 23,849 Percent of Shares: * Units: 0 Percent of Units:
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Name and Age as of the May 8, 2009 Meeting Date	Position, Principal Occupation, Business Experience and Directorships <sup>(1)</sup>	Number of Shares <sup>(2)(3)(4)</sup> and Units, and Percent of Shares <sup>(5)</sup> and Units <sup>(6)</sup> Beneficially Owned as of March 9, 2009
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NOMINEES FOR DIRECTOR TO BE ELECTED BY THE HOLDERS OF CLASS  
B COMMON STOCK

Melvin Simon	82	Chairman Emeritus of the Board of the company since 2007. Co-Chairman of the Board of the company or its predecessor from 1995 to 2007. Chairman of the Board of the company's predecessor from its incorporation in 1993 to 1995. Co-Chairman of the Board of MSA, a company Mr. Simon founded in 1960 with his brother, Herbert Simon. Member of our Executive Committee.	Shares: 34,973,352 <sup>(8)</sup> Percent of Shares: 13.3% Units: 30,091,879 <sup>(9)</sup> Percent of Units: 10.5%
Herbert Simon	74	Chairman Emeritus of the Board of the company since 2007. Co-Chairman of the Board of the company or its predecessor from 1995 to 2007. Mr. Simon was Chief Executive Officer and a director of the company's predecessor from its incorporation in 1993 to 1995. Mr. Simon serves on the Board of Governors for the National Basketball Association and as Co-Chairman of the Board of MSA. Member of our Executive Committee.	Shares: 34,973,352 <sup>(8)</sup> Percent of Shares: 13.3% Units: 30,091,879 <sup>(9)</sup> Percent of Units: 10.5%

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Name and Age as of the May 8, 2009 Meeting Date	Position, Principal Occupation, Business Experience and Directorships <sup>(1)</sup>	Number of Shares <sup>(2)(3)(4)</sup> and Units, and Percent of Shares <sup>(5)</sup> and Units <sup>(6)</sup> Beneficially Owned as of March 9, 2009
NOMINEES FOR DIRECTOR TO BE ELECTED BY THE HOLDERS OF CLASS B COMMON STOCK (continued)		
David Simon	47 Chairman of the Board of the company since 2007 and Chief Executive Officer of the company or its predecessor since 1995; a director of the company or its predecessor since its incorporation in 1993. President of the company's predecessor from 1993 to 1996. Executive Vice President of MSA from 1990 to 1993. From 1988 to 1990, Mr. Simon was Vice President of Wasserstein Perella & Company. The son of Melvin Simon and the nephew of Herbert Simon. Member of our Executive Committee.	Shares: 34,973,352 <sup>(8)</sup> Percent of Shares: 13.3% Units: 30,091,879 <sup>(9)</sup> Percent of Units: 10.5%
Richard S. Sokolov	59 President and Chief Operating Officer and a director of the company or its predecessor since 1996. President and Chief Executive Officer of DeBartolo Realty Corporation from its incorporation in 1994 until it merged with our predecessor in 1996. Mr. Sokolov joined its predecessor, The Edward J. DeBartolo Corporation, in 1982 as Vice President and General Counsel and was named Senior Vice President, Development and General Counsel in 1986. Member of our Executive Committee.	Shares: 652,432 <sup>(10)</sup> Percent of Shares: * Units: 60,835 Percent of Units: *

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Name and Age as of the May 8, 2009 Meeting Date	Position, Principal Occupation, Business Experience and Directorships <sup>(1)</sup>	Number of Shares <sup>(2)(3)(4)</sup> and Units, and Percent of Shares <sup>(5)</sup> and Units <sup>(6)</sup> Beneficially Owned as of March 9, 2009
ADDITIONAL NOMINEES		
Allan Hubbard	61 Co-Founder and Chief Executive Officer of E&A Industries, Inc., a privately-held holding company which acquires and operates established manufacturing companies. Mr. Hubbard served as Assistant to the President for Economic Policy and director of the National Economic Council for the George W. Bush administration. He also served as Chief of Staff to Vice President Dan Quayle and Executive Director of the President's Council of Competitiveness for the George H.W. Bush administration. Mr. Hubbard has not previously served as one of our directors and, if he is elected, will be appointed to one or more committees of the Board following the annual meeting.	Shares: 3,000 Percent of Shares: * Units: 0 Percent of Units:
Daniel C. Smith	52 Professor of Marketing and Dean, Kelley School of Business, Indiana University, since 2005. Mr. Smith joined the faculty of the Kelley School in 1996 and has served as Chair of the MBA Program, Chair of the Marketing Department and Associate Dean of Academic Affairs. Mr. Smith has not previously served as one of our directors and, if he is elected, will be appointed to one or more committees of the Board following the annual meeting.	Shares: 0 Percent of Shares: * Units: 0 Percent of Units:
Pieter S. van den Berg	63 Founding General/Managing Partner of VCHolland Visitatie PensioenFondsen since 2006 which renders services related to fund governance, primarily on	Shares: 5,123 Percent of Shares: * Units: 0 Percent of Units:

behalf of fund trustees of Dutch based pension funds. Advisor to the Board of Managing Directors of PGGM, the pension fund of the healthcare and social work sector in the Netherlands, from 1999 to 2006. Mr. van den Berg was Director of Controlling of PGGM from 1991 to 1999. Our director since 1998. Member of our Governance Committee.

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Name and Age as of the May 8, 2009 Meeting Date	Position, Principal Occupation, Business Experience and Directorships <sup>(1)</sup>	Number of Shares <sup>(2)(3)(4)</sup> and Units, and Percent of Shares <sup>(5)</sup> and Units <sup>(6)</sup> Beneficially Owned as of March 9, 2009
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## NAMED EXECUTIVE OFFICERS WHO ARE NOT DIRECTORS

Stephen E. Sterrett	53	Our Executive Vice President and Chief Financial Officer. Mr. Sterrett joined MSA in 1988 and held various positions with MSA until 1993 when he became our Senior Vice President and Treasurer. He was named Chief Financial Officer in 2001.	Shares: 126,498 Percent of Shares: * Units: 0 Percent of Units:
James M. Barkley	57	Our General Counsel and Secretary. Mr. Barkley joined MSA in 1978 as a staff attorney and was named Assistant General Counsel in 1984. He was named General Counsel in 1992 and Secretary in 1993.	Shares: 137,034 Percent of Shares: * Units: 0 Percent of Units:
Gary L. Lewis	50	Our Senior Executive Vice President and President-Leasing. Mr. Lewis joined MSA in 1986 and held various positions until 2002 when he became our Executive Vice President of Leasing. He was named Senior Executive Vice President-Leasing in 2006.	Shares: 59,695 Percent of Shares: * Units: 0 Percent of Units:

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Name and Age as of the May 8, 2009 Meeting Date	Position, Principal Occupation, Business Experience and Directorships <sup>(1)</sup>	Number of Shares <sup>(2)(3)(4)</sup> and Units, and Percent of Shares <sup>(5)</sup> and Units <sup>(6)</sup> Beneficially Owned as of March 9, 2009
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ALL DIRECTORS AND EXECUTIVE OFFICERS AS A GROUP<sup>(7),(10)</sup>

16 Persons	Shares: 36,180,277 Percent of Shares: 13.8% Units: 30,152,714 Percent of Units: 10.5%
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\*

Less than one percent

- (1) All listed directorships are held in companies with securities registered under Section 12 of the Exchange Act or in companies registered as investment companies under the Investment Company Act of 1940, as amended, excluding the U.S. Russia Investment Fund (Ms. Horn).
- (2) Includes the following common shares that may be purchased pursuant to stock options that are exercisable within 60 days: David Simon 250,000; Richard S. Sokolov 150,000; James M. Barkley 5,000; and all directors and executive officers as a group 405,000.
- (3) Includes the following common shares that may be issued upon exchange of units held by the following persons on March 9, 2009: Melvin Simon, Herbert Simon, David Simon, MSA and affiliates of MSA 30,091,879; Richard S. Sokolov 60,835; and all directors and executive officers as a group 30,152,714. Units are exchangeable either for common shares (on a one-to-one basis) or for cash.
- (4) Includes the following restricted shares which are subject to vesting requirements: Melvyn E. Bergstein 888; Linda Walker Bynoe 814; Karen N. Horn, Ph.D. 888; Reuben S. Leibowitz 814; J. Albert Smith, Jr. 1,036; Pieter S. van den Berg 814; David Simon 45,571; Richard S. Sokolov 35,961; Stephen E. Sterrett 23,835; James M. Barkley 24,046; Gary L. Lewis 20,597; and all directors and executive officers as a group 191,740. Includes shares acquired through the reinvestment of dividends on common shares held in the Director Deferred Compensation Plan.
- (5) At March 9, 2009, there were 232,062,919 shares of common stock and 8,000 shares of Class B common stock outstanding. Upon the occurrence of certain events, shares of Class B common stock convert automatically into common shares (on a one-to-one basis). These percentages assume the exercise of stock options and the exchange of units for common shares only by the applicable beneficial owner.
- (6) At March 9, 2009, there were 287,935,848 outstanding units of which we owned, directly or indirectly, 232,062,919 or 80.6%. These percentages assume that no units are exchanged for common shares.
- (7) Does not include 1,500 shares of common stock held by charitable foundations of which Mr. Leibowitz is an officer or trustee. Mr. Leibowitz disclaims beneficial ownership of these shares.
- (8) Includes common shares, exercisable stock options and units owned by Melvin Simon, Herbert Simon and David Simon, MSA, affiliates of MSA and MH Holdings, Inc. See "PRINCIPAL STOCKHOLDERS."
- (9) Includes units owned by Melvin Simon, Herbert Simon, David Simon, MSA and affiliates of MSA.

(10)

Does not include shares and units held by members of the Simon family other than Melvin Simon, Herbert Simon and David Simon or units held by trusts for the benefit of members of the Simon family over which Melvin Simon, Herbert Simon, David Simon and MSA do not have voting or dispositive power (3,972,576 units).

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR ALL OF THE NOMINEES NAMED ABOVE.**



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**PROPOSAL 3 AUTHORIZATION OF MANAGEMENT TO ADJOURN, POSTPONE  
OR CONTINUE THE MEETING**

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The Board of Directors believes that, if the number of votes cast in favor of either Proposal 1(a) or Proposal 1(b) is insufficient to approve the proposal, it is in the best interests of the stockholders to permit the Board of Directors, for a limited period of time, to continue to seek to obtain a sufficient number of additional votes to approve such proposal. As explained above, approval of Proposal 1(a) will allow us to increase the number of directors so that the Additional Nominees can be added to the Board. Approval of Proposal 1(b) will enhance the rights of stockholders by eliminating certain supermajority voting requirements for Charter amendments.

In Proposal 3, we are asking you to authorize the holder of any proxy solicited by our Board of Directors to vote in favor of authorizing management to adjourn, postpone or continue the meeting and any later adjournments. If our stockholders approve this proposal, we could adjourn, postpone or continue the meeting, and any adjourned session of the meeting, to use the additional time to solicit additional proxies in favor of Proposal 1(a) or Proposal 1(b), including the solicitation of proxies from the stockholders that have previously voted against such proposal. Among other things, approval of Proposal 3 could mean that, even if proxies representing a sufficient number of votes against Proposal 1(a) or Proposal 1(b) to defeat it have been received, we could adjourn, postpone or continue the meeting without a vote on the proposal and seek to convince the stockholders who voted against or abstained from voting on the proposal to change their votes.

No proxy that is specifically marked **AGAINST** Proposal 1(a) or Proposal 1(b) will be voted in favor of Proposal 3 unless it is specifically marked **FOR** Proposal 3.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR PROPOSAL 3.**

**PROPOSAL 4 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

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The Audit Committee has selected Ernst & Young LLP, or E&Y, as our independent registered public accounting firm for 2009, subject to the approval of our stockholders.

The Report of the Audit Committee contains information on the amount of fees paid to E&Y during 2008 and 2007. We expect that representatives of E&Y will be present at the meeting and will be available to respond to appropriate questions. They will also have an opportunity to make a statement if they desire to do so.

If the holders of a majority of voting shares voting on this matter do not ratify the selection, the Audit Committee will reconsider its choice taking into consideration the views of the stockholders and may, but will not be required to, appoint a different independent registered public accounting firm.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR PROPOSAL 4.**

**REPORT OF THE AUDIT COMMITTEE**

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The Audit Committee is responsible for monitoring the integrity of the company's consolidated financial statements, the qualifications, performance and independence of the company's independent registered public accounting firm, the performance of the company's internal auditor and the company's compliance with legal

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and regulatory requirements. We have the sole authority to appoint or replace the company's independent registered public accounting firm. The committee operates under a written charter adopted by the Board. The committee currently has three members. The Board has determined that each committee member is independent under the standards of director independence established under our Governance Principles, New York Stock Exchange listing standards and applicable securities laws.

Management is responsible for the financial reporting process, including the system of internal control, for the preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States and for management's report on internal control over financial reporting. The company's independent registered public accounting firm is responsible for auditing the consolidated financial statements, expressing an opinion on the financial statements and the effectiveness of internal control over financial reporting. Our responsibility is to oversee and review the financial reporting process and to review and discuss management's report on internal control over financial reporting. We are not, however, professionally engaged in the practice of accounting or auditing and do not provide any expert or other special assurance as to such financial statements concerning compliance with laws, regulations or accounting principles generally accepted in the United States or as to the independence of the independent registered public accounting firm. We rely, without independent verification, on the information provided to us and on the representations made by management and the independent registered public accounting firm.

We held nine meetings during 2008. The meetings were designed, among other things, to facilitate and encourage communication among the committee, management, the company's internal auditor and the independent registered public accounting firm, E&Y.

We discussed with the company's internal auditor and E&Y the overall scope and plans for their respective audits. We met with the internal auditor and E&Y, with and without management present, to discuss the results of their examinations and their evaluations of the company's internal control. We reviewed and discussed the company's compliance with Section 404 of the Sarbanes-Oxley Act of 2002, including consideration of the Public Company Accounting Oversight Board's (PCAOB) Auditing Standard No. 5, An Audit of Internal Control Over Financial Reporting That is Integrated With an Audit of Financial Statements.

We discussed with management the company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the company's risk assessment and risk management processes.

We reviewed and discussed the audited consolidated financial statements for the year ended December 31, 2008 with management, the internal auditor and E&Y. We reviewed E&Y's report on our financial statements which indicated that the financial statements present fairly, in all material respects, our financial position and results of operations and cash flows in conformity with accounting principles generally accepted in the United States. We reviewed and discussed with management, the internal auditor and E&Y, management's report on the effectiveness of internal control over financial reporting and E&Y's report on internal control over financial reporting. We also discussed with management, the internal auditor and E&Y the process used to support certifications by the company's Chief Executive Officer and Chief Financial Officer that are required by the Securities and Exchange Commission and the Sarbanes-Oxley Act of 2002 to accompany the company's periodic filings with the Securities and Exchange Commission and the processes used to support management's report on internal control over financial reporting.

We also discussed with E&Y matters required to be discussed by their professional standards, including, among other things, matters related to the conduct of the audit of the company's consolidated financial statements and the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

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We also received the written disclosures and the letter from E&Y required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with us concerning independence and we discussed with E&Y the independence of that firm.

When considering E&Y's independence, we considered if services they provided to the company beyond those rendered in connection with their audit of the company's consolidated financial statements and the effectiveness of internal control over financial reporting and reviews of the company's quarterly unaudited consolidated financial statements were compatible with maintaining their independence. We concluded that the provision of such services by E&Y has not jeopardized E&Y's independence.

Based on our review and these meetings, discussions and reports, and subject to the limitations on our role and responsibilities referred to above and in the Audit Committee Charter, we recommended to the Board that the company's audited consolidated financial statements for the year ended December 31, 2008 be included in the company's annual report on Form 10-K. The Committee has also selected E&Y as the company's independent registered public accounting firm for the year ended December 31, 2009 and will present the selection to the stockholders for ratification at the meeting.

We approve all audit and permissible non-audit services to be provided to the company by E&Y prior to commencement of services. We have delegated to the Chairman of the Audit Committee the authority to approve specific services up to specified individual and aggregate fee amounts. These approval decisions are presented to the full Audit Committee at the next scheduled meeting after such approvals are made.

The company has incurred fees as shown below for services from E&Y. E&Y has advised us that it has billed or will bill the company the below indicated amounts for the following categories of services for the years ended December 31, 2008 and 2007, respectively:

	2008	2007
Audit Fees <sup>(1)</sup>	\$2,738,010	\$3,081,600
Audit-Related Fees <sup>(2)</sup>	5,253,726	8,172,190
Tax Fees <sup>(3)</sup>	1,144,301	1,440,800
All Other Fees	0	0

- (1) Audit Fees include fees for the audit of the financial statements and the effectiveness of internal control over financial reporting for us and the Operating Partnership and services associated with Securities and Exchange Commission registration statements, periodic reports, and other documents issued in connection with securities offerings. Audit Fees for 2007 also include \$525,000 of fees associated with specific audit procedures directed at our investment in SPG-FCM Ventures, LLC, or SPG-FCM (our 50/50 joint venture that acquired The Mills Corporation in 2007) that will not recur.
- (2) Audit-Related Fees include audits of individual properties and schedules of recoverable common area maintenance costs to comply with lender, joint venture partner or tenant requirements and accounting consultation and due diligence services. Audit-Related Fees for 2007 include approximately \$3 million of fees associated with our investment in SPG-FCM that will not recur. Our share of these Audit-Related Fees is approximately 51% and 43% in 2008 and 2007, respectively.
- (3) Tax Fees include fees for international and other tax consulting services and tax return compliance services associated with the tax returns for The Mills Corporation and certain subsidiaries and joint ventures. Our share of these Tax Fees is approximately 35% and 39% in 2008 and 2007, respectively.

The Audit Committee:

J. Albert Smith, Jr., Chairman  
 Melvyn E. Bergstein  
 Reuben S. Leibowitz

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The following table gives information about our common stock that may be issued upon the exercise of options, warrants and rights under our existing equity compensation plans as of December 31, 2008.

Plan Category	A Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)	B Weighted-average exercise price of outstanding options, warrants and rights (\$)	C Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (A)) (#)
Equity compensation plans approved by security holders <sup>(1)</sup>	724,632 <sup>(2)</sup>	\$ 30.18	3,680,610 <sup>(3)</sup>
Equity compensation plans not approved by security holders			
<b>Total</b>	<b>724,632</b>	<b>\$ 30.18</b>	<b>3,680,610</b>

(1) Consists of the 1998 Plan.

(2) Includes 86,049 shares covered by awards assumed in connection with our acquisition of Chelsea Property Group in 2004. The weighted-average exercise price of such awards as of December 31, 2008 was \$47.95.

(3) The 1998 Plan provides for the grant of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock and performance units. The original number of shares available for awards under the 1998 plan was 11,300,000. As of March 9, 2009, there are 3,436,316 shares available under the 1998 plan. This reflects the issuance of 261,498 shares of restricted stock in February and March 2009 in connection with the 2008 stock incentive program.

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**COMPENSATION COMMITTEE REPORT**

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The Compensation Committee consists of the four directors named below, each of whom meets the independence standards of the company's Governance Principles, the New York Stock Exchange listing standards and applicable securities laws. The committee has overall responsibility for:

determining the compensation of the executive officers, including setting and determining achievement of established performance goals;

designing, with the active assistance of management and human resource experts and the committee's consultant, the company's executive compensation program;

administering the company's stock-based compensation plans and programs;

recommending any new elements of executive compensation or programs for consideration to the full Board of Directors; and

discussing the Compensation Discussion and Analysis required by Securities and Exchange Commission regulations with management and, if appropriate, recommending its inclusion in the company's annual report on Form 10-K and proxy statement.

The committee has the authority to engage an independent compensation consultant or other advisors and has used Frederic W. Cook & Co., Inc., or Cook, in that capacity. Cook does no work for management unless requested by the Chairman of the Compensation Committee, receives no compensation from the company other than for its work in advising the committee, and maintains no other economic relationships with the company.

The committee held nine meetings during 2008. The meetings were designed, among other things, to facilitate and encourage free and frank discussion between committee members and the consultant as well as extensive communication among committee members, executive management, and other company personnel involved in executive compensation matters.

The committee reviewed and discussed with management the Compensation Discussion and Analysis that immediately follows this report. Based on its review and these discussions with management, the committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the company's annual report on Form 10-K for the fiscal year ended December 31, 2008, and proxy statement for the 2009 annual meeting of stockholders.

**The Compensation Committee:**

Melvyn E. Bergstein, Chairman  
Linda Walker Bynoe  
Karen N. Horn, Ph.D.  
Reuben S. Leibowitz

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**COMPENSATION DISCUSSION AND ANALYSIS**

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**Overview**

The following discussion is intended to supplement the more detailed information concerning executive compensation that appears in the rest of this section and in the tables and the accompanying narrative. Our goal is to provide a better understanding of our compensation practices and the decisions made concerning the compensation payable for 2008 to our executive officers, including the Chief Executive Officer, or CEO, and the other executive officers named in the Summary Compensation Table, or the named executive officers.

The Compensation Committee of our Board of Directors, referred to in this section as the committee, plays a key role in designing and administering our executive compensation program. All principal elements of compensation paid to our executive officers are subject to approval by the committee. The Compensation Committee Report immediately precedes this discussion.

The past year proved to be one of the most challenging years in recent memory, not only for the retail real estate sector, but for our tenants and their retail customers. The year was equally challenging for our stockholders. The two broad indices we use to measure our performance for some compensation determinations the Standard and Poor's 500 Index and the Morgan Stanley US REIT Index each declined by more than one-third during 2008. These difficult economic conditions are continuing into 2009.

Bearing these conditions in mind, the committee, at the request of management, made significant reductions in the overall compensation paid to executives for 2008. In many cases, individual goals or targets for company performance were achieved that would have justified greater levels of compensation. As explained below, the committee made substantial reductions in bonuses and payouts of incentive compensation for executives as a consequence of current adverse business conditions and to support management's focus on reducing costs. Management also instituted similar compensation reductions throughout the organization.

For the named executive officers and other management personnel holding an office of Vice President or above, the committee and management took the following actions in early 2009:

determined not to make any merit or other increases to 2008 base salaries;

approved annual cash bonuses for 2008 at approximately 60% of the amounts paid for 2007;

reduced the payout of the 2008 stock incentive program from an 80% payout to 40% or less for individual participants; and

determined not to create an annual stock-based incentive compensation program for 2009.

These actions are generally consistent with actions our peer companies are taking. The committee and management will continue to review compensation arrangements to determine if circumstances warrant additional changes.

**Objectives**

We believe we are the leading retail real estate company in the United States. We have the largest market capitalization of any publicly traded real estate company in North America and own the largest portfolio by square footage of U.S. retail real estate. We depend on the knowledge, skills, experience, and talent of our senior executives in the highly-competitive real estate industry, in particular in the areas of real estate acquisitions, development, leasing and property management.

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To maintain and enhance our competitive position, our executive compensation program needs to:

maintain the team of executives who have made major contributions to our success and attract other highly qualified executives to strengthen that team;

motivate executives to improve their performance by contributing to the achievement of corporate and business unit goals as well as individual goals; and

align the interests of executives with those of our stockholders.

The committee has designed and administers our executive compensation program with the intention of incenting long-term superior performance. The committee monitors the effectiveness of our program on an ongoing basis. As we continue to grow in size and complexity, it is increasingly important for us to develop effective executive succession plans. For these plans to be effective, we believe it is necessary for our compensation to be competitive not only with other real estate companies, but also with other large enterprises, in both public and private sectors, with whom we compete for executive talent. The committee will continue to study and develop improvements to our compensation practices as circumstances warrant.

**Principal Elements of Compensation**

To accomplish these objectives, we have designed a relatively simple executive compensation program. There are three major elements of our program base salary, annual cash bonuses and long-term incentives.

Although all three of these elements are integrated into our overall program, each serves a different purpose:

base salaries provide an appropriate level of fixed compensation that will promote executive recruitment and retention;

annual cash bonuses that primarily depend upon our overall financial performance in a year and the committee's qualitative assessment of the executives' contributions to that performance; and

long-term incentives which take the form of restricted stock awards made under the Simon Property Group, L.P. 1998 Stock Incentive Plan, or 1998 plan, align the interests of our executives with the interests of our stockholders. The issuance of the restricted stock depends on the extent to which we achieve predetermined quantitative measures of performance including internal operational metrics such as Funds From Operations, or FFO, per share, and established indices against which we measure our total stockholder return. They also assist in retention of our executives because after the performance measures are achieved, the restricted stock is then subject to multi-year continued service vesting requirements. As explained below, the committee has determined that for the first time since 2001, it will not establish an annual stock incentive program for 2009 due to current economic circumstances and to support management's focus on reducing costs.

**Base Salaries.** Base salaries of executive officers are set at levels competitive with other companies engaged in the retail real estate industry and with other businesses of comparable size and scope with whom we compete for executive talent. The committee reviews base salaries for the executive officers annually and makes adjustments to reflect market conditions, changes in responsibilities and merit increases consistent with compensation practices throughout our organization.

**Annual Cash Bonuses.** At the beginning of the performance year, the committee approves target and stretch bonus amounts for each participant, ranging from 0 to 200% of the participant's base salary in effect at the end of the performance year. Unlike the stock incentive programs in which the performance measures used for the named executive officers are based solely on company performance, the performance factors or goals for annual cash bonuses include both objective and subjective criteria and consider individual performance as

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well as company performance. For example, with respect to the CEO, the committee specified the following as some, but not all, of the performance factors or goals to be considered with respect to 2008:

Stockholder value creation

Earnings growth

Achievement of successful acquisition and development activity

Achievement of strategic business priorities

Operational efficiencies

The annual cash bonus decisions for the named executive officers, except for Mr. Lewis, are determined by using a combination of objective and subjective criteria. In Mr. Lewis' case, the target and stretch bonus opportunities set by the committee were tied to achievement of objective levels for leasing results. However, the final amount of the annual cash bonuses to all of the named executive officers is within the committee's discretion, and may be increased or decreased from the original target and stretch levels. Ultimately, it is the committee's subjective assessment of each executive officer's performance which determines the amount of the bonus and not the operation of a mechanical formula.

**Long-Term Incentives.** Long-term incentives are equity awards made under the 1998 plan, which is administered by the committee. Although the 1998 plan authorizes a variety of awards, the only forms of awards the committee has granted have been options and restricted stock. No stock options have been granted to employees since 2001.

Prior to 2009, the committee had created an annual stock incentive program under the 1998 plan for seven consecutive years. The details of the two most recent stock incentive programs are explained below. The committee allocated each participant an opportunity to receive an award valued in dollars that will be granted if absolute and relative performance measures are achieved. The determination of the extent to which the goals have been achieved is made after our financial results have been announced in the following year. In view of current economic conditions and management's focus on reducing costs, the committee determined not to create a similar stock incentive program for 2009.

In recent years, the absolute performance measures have included "target" and "stretch" goals for funds from operations (FFO) per share and the relative performance measures have compared our total stockholder return for the performance year to the returns experienced by two recognized stock indices the Morgan Stanley US REIT Index and the S&P 500 Index.

Depending on the extent to which the company's performance measures are achieved, the dollar values are converted into shares of restricted stock using the average of the closing prices for our common stock for the ten day trading period commencing three days after we report earnings for the program year, or the ten day average price. Once issued, the shares of restricted stock are then subject to a four-year continued service vesting requirement beginning in the second year after the performance year. Except as otherwise provided in the award agreement, the participant must remain employed on the day prior to the vesting date for the restricted stock to vest. Participants are entitled to vote and receive distributions on unvested shares of restricted stock.

The 2007 stock incentive program had the following terms:

Incentive opportunities designated in dollar values were allocated to participants, including \$6.5 million to the named executive officers, assuming achievement at the target level.



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The company's performance measures and weightings for the year were as follows:

Performance Measure	Goals	Weighting
"Target" FFO per Share Goal	\$ 5.85	35%
"Stretch" FFO per Share Goal	\$ 5.90	25%
Total Stockholder Return (including dividends) vs. MSCI US REIT Index	(meet or exceed)	20%
Total Stockholder Return (excluding dividends) vs. S&P 500 Index	(meet or exceed)	20%
	<i>Total</i>	100%

The 2007 program also provided that if FFO per share exceeded \$5.85 but was less than or equal to \$5.90, an additional 5% in value would be awarded for each incremental \$0.01 in FFO per share.

The 2007 program recognized evaluations of individual annual performance to adjust, both up and down, each individual's original award allocation. The committee assigned each executive officer an individual rating for his or her program year performance ranging from "0" to "3." Participants with the highest rating of "3" receive 110% to 125% of the initial allocation based on corporate performance (the "calculated award"). Participants with a rating of "2" receive 100% of the calculated award. Participants with a rating of "1" receive 75% of the calculated award, and participants with a rating of "0", which represents unacceptable performance, receive no award. The committee delegated the authority to assess the individual performance of the other participants to a committee of senior management, which assigned similar ratings to other participants.

On February 28, 2008, the committee determined that, except for total stockholder return vs. S&P 500 index, all of the performance measures for 2007 had been achieved, resulting in a payout of 80% of the original award allocations and calculated an adjusted value for each participant using their individual performance ratings. The adjusted values were then converted into shares of restricted stock using the ten day average price of \$84.98. Fractional shares were rounded to the next full share. A total of 310,166 shares of restricted stock were awarded under the program, including 61,191 shares awarded to the named executive officers.

The shares of restricted stock will vest in four equal annual installments commencing January 1, 2009 with a continuous service requirement, except for termination of service resulting from death, disability or, with the committee's approval, retirement. Participants are entitled to vote and receive distributions on unvested shares.

The restricted stock awards issued in 2008 under the 2007 stock incentive program are reported in the Grants of Plan-Based Awards in 2008 Table on page 46 in this proxy statement.

The 2008 stock incentive program had the following terms:

Incentive opportunities designated in dollar values were allocated to participants, including approximately \$6.5 million to the named executive officers assuming achievement at the target level.

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The performance measures and weightings for the year for the named executive officers were as follows:

Performance Measure	Goals	Weighting
"Target" FFO per Share Goal	\$ 6.40	35%
"Stretch" FFO per Share Goal	\$ 6.50	25%
Total Stockholder Return (including dividends) vs. MSCI US REIT Index	(meet or exceed)	20%
Total Stockholder Return (excluding dividends) vs. S&P 500 Index	(meet or exceed)	20%
	<i>Total</i>	100%

The 2008 program also provided that if FFO per share exceeded \$6.40 but was less than or equal to \$6.50, an additional 2.5% in value would be awarded for each incremental \$0.01 in FFO per share.

In addition to the executive officers, three other groupings participated in the 2008 program, each with somewhat different performance measures and weightings. The first of these groupings, consisting of senior employees who are heads of identified business units, had 50% of their award tied to the achievement of the performance measures established for the executive officers, with the remaining 50% tied to the achievement of pre-determined individual and business unit objectives. The remaining two groupings had at least a portion of their award based upon achievement of the target FFO per share goal of \$6.40, with the balance tied to achievement of either defined financial goals and/or other pre-determined qualitative individual performance objectives.

Consistent with the 2007 stock incentive program, the 2008 program used evaluations of individual performance to adjust the original award allocations on a positive or negative basis. The committee assigned each executive officer an individual rating for his or her program year performance ranging from "0" to "3." The committee delegated the authority to assess the individual performance of the other participants to a committee of senior management, which assigned similar ratings to other participants.

On February 27, 2009, the committee determined that all of the 2008 performance measures applicable to executive officers had been achieved at levels resulting in a 75% payout percentage. In addition, because FFO per share for 2008 was \$6.42, or \$0.02 greater than the "target goal," the payout percentage was increased by an additional 5% increment to a potential payout of 80% of the original award allocations. In view of current economic conditions and management's focus on reducing costs, the committee reduced the payout to executive officers to a 40% payout or less. For participants in the remaining three groups, management advised the committee that applicable performance measures had been achieved resulting in payout percentages between 20% and 80% of initial opportunities. Based upon management's recommendation, the Committee then further adjusted payouts for each participant in the three remaining groups to 40%, 50% or 60% of each participant's payout percentage using their assigned ratings. The adjusted values were then converted into shares of restricted stock using the ten day average price of \$41.42. Fractional shares were rounded to the next full share. A total of 261,498 shares of restricted stock were awarded under the program, including 58,912 shares awarded to the named executive officers.

The shares of restricted stock will vest in four equal annual installments commencing January 1, 2010 with a continuous service requirement, except for termination of service resulting from death, disability or, with the committee's approval, retirement. Executive officers who received restricted stock awards under the 2008 stock incentive program will not be entitled to receive distributions denominated in common shares on unvested awards.

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**Other Elements of Compensation**

**Retirement and Health and Welfare Benefits.** We have never had a traditional or defined benefit pension plan. We maintain a 401(k) retirement plan in which all salaried employees can participate on the same terms. Currently, our basic contribution to the 401(k) retirement plan is equal to 1.5% of the participant's compensation and vests 20% after the completion of two years and an additional 20% after each additional year of service until fully vested after six years. We match 100% of the first 3% of the participant's contribution and 50% of the next 2% of the participant's contribution. Our matching contributions are vested when made. Our basic and matching contributions are subject to applicable IRS limits and regulations. The contributions we made to the 401(k) accounts of the named executive officers are shown in the All Other Compensation column of the Summary Compensation Table on 43. Executive officers also participate in health and welfare benefit plans on the same terms as other salaried employees.

**Employment and Change-in-Control Agreements.** The only executive officer who has an employment agreement with us is Mr. Sokolov who had an employment agreement in place with his previous employer a company we merged with in 1996. A summary of Mr. Sokolov's employment agreement appears on 51 of this proxy statement. Our named executive officers do not participate in or benefit from any "change in control" or "golden parachute" arrangements. Awards under the 1998 plan will vest in the event of a change in control.

**Deferred Compensation Plan.** We maintain a non-qualified deferred compensation plan that permits senior executives, key employees and directors to defer all or part of their compensation, including awards under the 1998 plan. There are separate accounts for the executives and the directors. Although we have the discretion to contribute a matching amount or make additional incentive contributions, we have never done either. As a result, the amounts disclosed in the Nonqualified Deferred Compensation in 2008 Table on page 49 consist entirely of compensation earned by, but not yet paid to, the executives and any earnings on such deferred compensation. A participant's deferrals are fully vested, except for restricted stock awards that still have vesting requirements. Upon death or disability of the participant or our insolvency or a change in control affecting us, a participant becomes 100% vested in his account.

**Stock Option and Equity Award Grant Practices.** The committee has not granted any stock options to executives or other employees since 2001. The 1998 plan requires the exercise price of stock options to be set at the mean between the high and low sales prices of a share of common stock as reported by the New York Stock Exchange for the grant date.

**Role of Management in Compensation Decisions**

The CEO provides his recommendations to the committee on the compensation of each of the other executive officers. The CEO develops his recommendations using third-party data, his own views regarding the executives' performance and the advice of our human resources department on such factors as compensation history, tenure, responsibilities, market data for competitive positions and retention concerns and the need to maintain consistency within the organization. Although the committee gives consideration to the CEO's recommendations and to any views of its compensation consultant, the final compensation decisions affecting all executive officers are within its discretion.

In recent years, the committee has used the concept of "total direct compensation" as a means to assess the competitiveness of our pay practices. Total direct compensation is not the same as total compensation shown in the Summary Compensation Table. Total direct compensation for a given year consists of base salary, cash bonus earned for that year and the grant date fair value of the restricted stock award made for that year. Although they are not paid until the following year, bonuses are reflected as having been earned in the Bonus column of the Summary Compensation Table on page 43 of this proxy statement. Because the restricted stock awards for a performance year are not made until the following year, they are not reflected in the Grants of Plan-Based Awards Table for the performance year. The restricted stock awards for 2008 performance are

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shown in footnote (6) to the Outstanding Equity Awards at 2008 Fiscal Year-End Table on page 47. The amounts of total direct compensation paid to the named executive officers for the past three years are shown in the Supplemental Table on page 45 of this proxy statement.

**Competitive Position**

In some years, management or the committee has reviewed data with regard to the compensation practices of other public real estate companies to assess the competitive position of our executive compensation program. Although no similar review was conducted in 2008, the committee nonetheless made a number of changes to our compensation policies both with respect to 2008 and 2009.

**2009 Compensation Decisions**

**CEO Compensation.** In light of current economic circumstances and in recognition of management's efforts to reduce costs, the committee made the following decisions with respect to the CEO's compensation.

The committee decided not to make any change to David Simon's 2008 base salary for 2009.

The committee determined that, although David Simon had achieved or exceeded his performance goals and factors for the year, he was awarded a bonus equal to 60% of his bonus for 2007.

The committee had allocated David Simon the opportunity to receive a target award of restricted shares with a value of \$2,000,000 under the 2008 stock incentive program. These award opportunities are reflected in the Grants of Plan-Based Awards in 2008 Table. As explained above, although the performance measures had been achieved to the extent that an 80% payout was appropriate, the committee reduced the payout by 50% to a 40% payout. Based on the ten-day average price of \$41.42 per share, this resulted in an award to David Simon of 19,315 shares of restricted stock. These shares were granted in 2009 for 2008 performance and their grant date fair value is reflected in the Supplemental Table for 2008 on page 45. The aggregate value of his award based on the closing price of the common stock as of March 9, 2009 was approximately \$554,000.

The committee determined that David Simon would not be entitled to receive distributions on unvested awards denominated in common shares under the 2008 stock incentive program.

The committee determined not to allocate an award opportunity for any executive officers, including David Simon, under a stock incentive program for 2009, the first year since 2001 in which such a program has not been established.

As seen in the Supplemental Table on page 45 of this proxy statement, David Simon's total direct compensation for 2008 was 38% less than the comparable amount for 2007.

**Other Executive Officer Compensation.** After taking into account current economic conditions and in recognition of management's effort to reduce costs, the committee made the following decisions with respect to the 2008 compensation of the named executive officers other than David Simon as follows:

The committee decided not to make any changes to the 2008 base salaries for the other four named executive officers.

On February 27, 2009, the committee approved the following bonuses for 2008: Mr. Sterrett \$270,000; Mr. Sokolov \$586,500; Mr. Lewis \$250,000 and Mr. Barkley \$360,000. The aggregate bonuses were approximately 65% of the aggregate bonuses paid to these executive officers for 2007.

The committee had allocated the other named executive officers the opportunity to receive a target award of restricted shares under the 2008 stock incentive program with the values reflected in the Grants of Plan Based Awards in 2008 Table. As explained above, although the performance measures for the 2008 performance year had been achieved at a level that would have resulted in an 80% payout

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for three of these officers and a 40% payout for the other officer, the committee reduced the payout for Messrs. Sterrett, Sokolov and Barkley by one-half to a 40% payout and for Mr. Lewis by 40% to a 24% payout. Accordingly, the committee approved issuing shares of restricted stock to the named executive officers in the amounts shown in footnote (6) to the Outstanding Equity Awards at 2008 Fiscal Year-End table on page 47.

Based on the recommendation of the CEO, the committee determined not to allocate award opportunities to the other named executive officers under a stock incentive program for 2009, the first year since 2001 in which such a program has not been established.

The committee determined that executive officers who received restricted stock awards under the 2008 stock incentive program would not be entitled to receive distributions on unvested awards denominated in common shares.

**Total Direct Compensation.** Consistent with prior years, compensation tied in various way to our performance comprised a significant portion of the compensation of the named executive officers. As shown in the Supplemental Table on page 45, the base salary and bonus payments earned by our named executive officers for 2008 as a percentage of total direct compensation ranged from 36% to 58%. The grant date fair value of the restricted stock awards under the 2008 stock incentive program awarded in 2009 represented approximately 25% of 2008 total direct compensation. Because the Summary Compensation Table reflects the compensation expense we reported in our 2008 financial statements for restricted stock awards in 2008 and prior years and not the grant date fair value of the awards granted in 2009 with respect to 2008 performance, these percentages cannot be derived using the amounts in the Summary Compensation Table. The committee's actions to reduce bonuses and payouts of incentive compensation in response to economic conditions had a significant impact on 2008 total direct compensation. The aggregate total direct compensation to the named executive officers for 2008 was approximately 61% of the comparable amount for 2007.

**Executive Equity Ownership Guidelines**

We believe that the financial interests of our executives should be aligned with those of our stockholders. In addition to using awards of restricted shares as a long-term incentive, our Board of Directors has established equity ownership guidelines for key executives, including the named executive officers. The current ownership guidelines require the executives to maintain ownership of our stock or other securities having a value expressed as a multiple of their base salary for as long as they remain our employees. These multiples are as follows:

Position	Value as a Multiple of Base Salary
CEO	4.0
President and/or Chief Operating Officer	3.0
Other Executive Officers and Executive Vice Presidents who are heads of significant disciplines	2.0

In addition, these executives are required to retain ownership of a sufficient number of shares received in the form of restricted share awards representing at least 50% of the after-tax value of his or her award or 25% of the pre-tax value of such awards. These shares are to be retained by the executive until he or she retires, dies, becomes disabled or is no longer our employee.

Ownership of any class of our equity securities or units of Simon Property Group, L.P. counts toward fulfillment of these guidelines, including securities held directly, securities held indirectly by or for the benefit of immediate family members, shares of restricted stock that have been earned, even if not vested, and shares held following the exercise of stock options. Unexercised stock options do not count toward these goals. Each of our named executive officers currently meets or exceeds these guidelines.

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We do not have a policy regarding the recovery of performance-based awards in the event of a financial statement restatement beyond the requirements of Section 302 of the Sarbanes-Oxley Act of 2002. That statute requires the chief executive and chief financial officers of a publicly-held company to repay certain amounts if the company restates its financial statements as a result of financial reporting misconduct. The amounts to be repaid consist of (1) any bonus or other incentive-based or equity-based compensation received from the company during a twelve month period following the filing of the financial document in question; and (2) any profits realized from the sale of securities of the company during that period.

**Section 162(m)**

Section 162(m) of the Internal Revenue Code disallows a federal income tax deduction to publicly-held companies for compensation paid to certain executives to the extent their compensation exceeds \$1,000,000 in any fiscal year. As long as we qualify as a REIT, we do not pay taxes at the corporate level. To the extent that any part of our compensation expense does not qualify for deduction under Section 162(m), a larger portion of stockholder distributions may be subject to federal income tax as ordinary income rather than return of capital, and any such compensation allocated to our taxable REIT subsidiaries whose income is subject to federal income tax would result in an increase in income taxes due to the inability to deduct such compensation. In addition, the Internal Revenue Service has issued a series of private letter rulings which indicate that compensation paid by an operating partnership to executive officers of a REIT that serves as its general partner is not subject to limitation under Section 162(m) to the extent such compensation is attributable to services rendered to the operating partnership. Although we have not obtained a ruling on this issue, we believe the positions taken in the rulings would apply to our operating partnership as well.

Substantially all of the services rendered by our executive officers were on behalf of the Operating Partnership. Accordingly, we believe that the compensation we paid to our executive officers for 2008 will not be limited by Section 162(m).

Table of Contents**SUMMARY COMPENSATION TABLE**

The table below summarizes the total compensation paid or awarded to each of our named executive officers for the years indicated. For a more thorough discussion of our executive compensation program, see the Compensation Discussion and Analysis which begins on page 34 of this proxy statement.

Name and Principal Position (a)	Year (b)	Salary (\$) (c)	Bonus <sup>(1)</sup> (\$) (d)	Stock Awards <sup>(2)</sup> (\$) (e)	All Other Compensation <sup>(3)</sup> (\$) (i)	Total (\$) (j)
David Simon						
Chairman and Chief Executive Officer	2008	1,000,000	810,000	1,265,833	15,697	3,091,530
	2007	882,308	1,350,000	1,213,832	15,422	3,461,562
	2006	800,000	1,200,000	1,081,063	15,093	3,096,156
Stephen E. Sterrett						
Executive Vice President and Chief Financial Officer	2008	475,000	270,000	913,284	16,763	1,675,047
	2007	470,192	450,000	852,059	16,488	1,788,739
	2006	450,000	650,000	704,166	16,233	1,820,399
Richard S. Sokolov						
President and Chief Operating Officer	2008	782,000	586,500	1,363,444	300,784	3,032,728
	2007	780,423	900,000	1,341,970	294,584	3,316,977
	2006	700,000	1,000,000	1,167,700	321,123	3,188,823
Gary L. Lewis						
Senior Executive Vice President	2008	500,000	250,000	973,031	16,378	1,739,409
	2007	500,000	400,000	911,806	16,103	1,827,909
	2006	500,000	393,641	763,913	15,848	1,673,402
James M. Barkley						
General Counsel and Secretary	2008	500,000	360,000	925,424	17,665	1,803,089
	2007	495,192	600,000	864,199	17,390	1,976,781
	2006	475,000	700,000	704,166	17,135	1,896,301

(1) Bonuses earned with respect to the listed year were paid in the following year.

(2) Represents the dollar amount recognized for financial statement purposes for the shares of restricted stock that were issued under the stock incentive programs for 2007 and earlier. The amounts recognized have been determined in accordance with Financial Accounting Standards Board Statement No. 123R (Share-Based Payment) ("FAS 123R") except that estimated forfeitures were excluded in the determination. For this purpose, the number of shares of restricted stock is multiplied by the closing price of our common stock at the time of grant and then is amortized over the vesting period beginning January 1 of the year of grant. There were no forfeitures of awards to the named executive officers identified in the table. Awards of restricted stock under stock incentive programs are not granted until the following year and therefore are not included in FAS 123R compensation cost for the program year. The cost of each award included in the aggregate cost is as follows:

	Award for Program Year	2008 Compensation Expense	2007 Compensation Expense	2006 Compensation Expense
David Simon	2002			\$ 207,500
	2003		\$ 351,813	351,813
	2004			
	2005	\$ 521,750	521,750	521,750
	2006	340,269	340,269	
	2007	403,814		
Mr. Sterrett	2002			\$ 83,000
	2003		\$ 140,725	140,725
	2004	\$ 219,566	219,566	219,566
	2005	260,875	260,875	260,875
	2006	230,893	230,893	
	2007			





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	Award for Program Year	2008 Compensation Expense	2007 Compensation Expense	2006 Compensation Expense
Mr. Sokolov	2002			\$ 166,000
	2003		\$ 281,450	281,450
	2004	\$ 302,850	302,850	302,850
	2005	417,400	417,400	417,400
	2006	340,270	340,270	
	2007	302,924		
Mr. Lewis	2002			\$ 83,000
	2003		\$ 140,725	140,725
	2004	\$ 227,138	227,138	227,138
	2005	313,050	313,050	313,050
	2006	230,893	230,893	
	2007	201,950		
Mr. Barkley	2002			\$ 83,000
	2003		\$ 140,725	140,725
	2004	\$ 219,566	219,566	219,566
	2005	260,875	260,875	260,875
	2006	243,033	243,033	
	2007	201,950		

(3)

Amounts reported in 2008 consist of the following:

	Company and Matching Contributions to 401(k) Retirement Plan	Employee and Dependent Life Insurance Premiums	Use of Charter Aircraft
David Simon	\$ 12,650	\$ 3,047	
Mr. Sterrett	12,650	4,113	
Mr. Sokolov	9,465	4,796	\$ 286,523
Mr. Lewis	12,650	3,728	
Mr. Barkley	12,650	5,015	

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Table of Contents**SUPPLEMENTAL TABLE****Total Direct Compensation<sup>(1)</sup> Earned in Prior Three Fiscal Years**

Name	Year	Salary (\$)	Bonus <sup>(2)</sup> (\$)	Restricted Stock <sup>(3)</sup> (\$)	Total Direct Compensation (\$)	Change from Prior Year
David Simon	2008	1,000,000	810,000	578,677	2,388,677	-38%
	2007	882,308	1,350,000	1,615,254	3,847,562	+14%
	2006	800,000	1,200,000	1,360,732	3,360,732	
Stephen E. Sterrett	2008	475,000	270,000	319,680	1,064,680	-38%
	2007	470,192	450,000	807,627	1,727,819	-15%
	2006	450,000	650,000	923,341	2,023,341	
Richard S. Sokolov	2008	782,000	586,500	479,487	1,847,987	-36%
	2007	780,423	900,000	1,211,441	2,891,864	-5%
	2006	700,000	1,000,000	1,360,732	3,060,732	
Gary L. Lewis	2008	500,000	250,000	191,815	941,815	-45%
	2007	500,000	400,000	807,627	1,707,627	-6%
	2006	500,000	393,641	923,341	1,816,982	
James M. Barkley	2008	500,000	360,000	319,680	1,179,680	-38%
	2007	495,192	600,000	807,627	1,902,819	-11%
	2006	475,000	700,000	972,017	2,147,017	

- (1) Total direct compensation consists solely of the actual salary paid for the year, the annual cash bonus earned for the year which is paid in the following year and the shares of restricted stock at their grant date fair value for the applicable performance year. It does not include all elements of compensation shown in the Summary Compensation Table.
- (2) Bonuses earned with respect to the listed year were paid in the following year.
- (3) Represents the FAS 123R grant date fair value of the restricted stock awards on the date of grant.

Table of Contents**GRANTS OF PLAN-BASED AWARDS IN 2008**

Name (a)	Grant Date (b)	Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(1)</sup>			All Other Stock Awards: Number of Shares of Stock or Units <sup>(2)</sup> (#) (i)	Grant Date Fair Value of Stock and Option Awards (\$/Sh) (1) <sup>(3)</sup>
		Threshold (\$) (f)	Target (\$) (g)	Maximum (\$) (h)		
David Simon	2/28/2008		2,000,000	2,500,000	18,828	1,615,254
Stephen E. Sterrett	2/28/2008		1,000,000	1,250,000	9,414	807,627
Richard S. Sokolov	2/28/2008		1,500,000	1,875,000	14,121	1,211,441
Gary L. Lewis	2/28/2008		1,000,000	1,250,000	9,414	807,627
James M. Barkley	2/28/2008		1,000,000	1,250,000	9,414	807,627

- (1) The dollar values shown represent the initial opportunities allocated under the 2008 stock incentive program. Initial opportunities were designated as dollar values at target and maximum levels which may be converted into shares of restricted stock depending on the extent to which the performance measures for the program year are met. As explained in the Compensation Discussion & Analysis, although the performance measures for the 2008 stock incentive program were achieved at levels that would have resulted in payouts to four of the named executive officers at 80% of the maximum estimated payout shown in the table, the actual payouts to the named executive officers were reduced to 40% or less. Shares of restricted stock under the 2008 stock incentive program were issued in 2009 and the grant date fair value of those awards is reflected in the Supplemental Table on page 45.
- (2) Represents the number of shares of restricted stock issued in 2008 under the 2007 stock incentive program.
- (3) Represents the FAS 123R grant date fair value of the restricted stock issued in 2008 under the 2007 stock incentive program calculated using \$85.79, the closing price of our common stock as reported by the NYSE, for February 28, 2008.

Table of Contents**OUTSTANDING EQUITY AWARDS AT 2008 FISCAL YEAR-END**

Name (a)	Option Awards					Stock Awards <sup>(1)</sup>			
	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Option Exercise Price (\$) <sup>(2)</sup> (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (#) <sup>(3)</sup> (g)	Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(4)</sup> (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) <sup>(5)</sup> (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) <sup>(6)</sup> (j)	
David Simon	100,000	0	25.5400	03/26/2011	40,155	2,133,435	n/a	2,000,000	
Stephen E. Sterrett	150,000	0	25.5400	03/26/2011			n/a		
	0	0	0		25,278	1,343,020		1,000,000	
Richard S. Sokolov	50,000	0	23.4063	03/23/2010	37,948	2,016,177	n/a	1,500,000	