

SIMON PROPERTY GROUP INC /DE/
Form DEF 14A
March 26, 2008

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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.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
- ☐ 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):

- (4) Proposed maximum aggregate value of transaction:

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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:

March 26, 2008

Dear Fellow Stockholder:

It is my pleasure to invite you to the 2008 Annual Meeting of Stockholders of Simon Property Group, Inc. This year's meeting will be held on Thursday, May 8, 2008 at 10:00 a.m. (EDT), at The Westin Indianapolis, 50 South Capitol Avenue, 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.

We are exercising the option available this year to implement the new Securities and Exchange Commission rule that allows us to furnish proxy materials to stockholders over the Internet. We believe that this new e-proxy process will expedite stockholders' receipt of proxy materials, lower our costs and reduce the environmental impact of our annual meeting. On March 26, 2008, we mailed to a majority of our stockholders a Notice containing instructions on how to access our Proxy Statement and 2007 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 important and we encourage you to vote promptly. 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

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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TIME	10:00 a.m.(EDT) on Thursday, May 8, 2008
PLACE	The Westin Indianapolis 50 South Capitol Avenue Indianapolis, Indiana 46204
ITEMS OF BUSINESS	(1) To elect a total of eleven (11) directors (seven (7) to be elected by the holders of all classes of voting securities and four (4) to be elected by the holders of Class B common stock) each to serve until the next annual meeting of stockholders. (2) To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2008. (3) To approve amending the Simon Property Group, L.P. 1998 Stock Incentive Plan. (4) To consider a stockholder proposal. (5) To transact such other business as may properly come before the meeting.
RECORD DATE	You can vote if you are a stockholder of record on March 7, 2008.
ANNUAL REPORT	Our 2007 annual report to stockholders accompanies but is not part of these proxy materials.
PROXY VOTING	We cordially invite you to attend the meeting, but regardless of whether you plan to be present, please vote in one of these ways: (1) USE THE TOLL-FREE TELEPHONE NUMBER shown on your proxy card or the Notice of Internet Availability of Proxy Materials (this is a free call in the U.S.); (2) VISIT THE WEB SITE noted on your proxy card or the Notice of Internet Availability of Proxy Materials to vote via the Internet; OR (3) If you received a printed copy of the proxy card by mail, MARK, SIGN, DATE AND PROMPTLY RETURN your proxy card in the envelope provided, which requires no additional postage if mailed in the United States.
ADMISSION TO THE MEETING	Any proxy may be revoked at any time prior to its exercise at the meeting. An admission ticket (or other 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.
March 26, 2008	By order of the Board of Directors. James M. Barkley Secretary

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

PROXY STATEMENT

This proxy statement and accompanying proxy are being provided to stockholders on or about March 26, 2008 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 2008 annual meeting on May 8, 2008.

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 26, 2008. Instead of initially mailing a printed copy of our proxy materials to each stockholder, we are making our proxy materials available to stockholders 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 2007 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, Class B common stock, par value \$.0001 per share, and Class C common stock, par value \$.0001 per share, at the close of business on March 7, 2008.

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. All of the Class C common shares are owned by NID Corporation (formerly known as The Edward J. DeBartolo Corporation). The Board is not soliciting proxies in respect of the Class B common shares or the Class C common shares.

How many shares may vote at the meeting?

On March 7, 2008, there were outstanding 224,191,418 shares of common stock, 8,000 shares of Class B common stock, and 4,000 shares of Class C common stock. As a result, a total of 224,203,418 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 112,101,710 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.

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, banker, 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?

An admission ticket (or other 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 own Simon Property Group common stock as of the close of business on March 7, 2008, are entitled to attend the meeting. An admission ticket will serve as verification of your ownership.**

If your shares are registered in your name and you received your proxy materials by mail, an admission ticket is attached to your proxy card.

If your shares are registered in your name and you received the Notice by mail, the Notice is your admission ticket.

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 7, 2008.

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

The Board recommends that you vote your shares as follows:

Item 1: **FOR** the election of the nominees for election as directors with terms expiring at the 2009 annual meeting of stockholders.

Item 2: **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, 2008.

Item 3: **FOR** the amendment of the Simon Property Group, L.P. 1998 Stock Incentive Plan.

Item 4: **AGAINST** the stockholder proposal.

What are my choices when voting?

Item 1 You may cast your vote in favor of electing the nominees as directors or withhold your vote on one or more nominees.

Items 2 through 4 You may cast your vote in favor of or against each proposal, or you may elect to abstain from voting your shares.

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:

Item 1: **FOR** the election of the nominees for directors with terms expiring at the 2009 annual meeting of stockholders.

Item 2: **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, 2008.

Item 3: **FOR** the amendment of the Simon Property Group, L.P. 1998 Stock Incentive Plan.

Item 4: **AGAINST** the stockholder proposal.

How are votes withheld, abstentions and broker non-votes treated?

Votes withheld and abstentions are deemed as "present" at the meeting, are counted for quorum purposes and, other than for Item 1, will have the same effect as a vote against the matter.

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 their shares. Broker non-votes, if any, while counted for general quorum purposes, are not deemed to be "present" with respect to any matter for which a broker does not have discretionary authority to vote and, therefore, will not be counted.

What vote is required to approve each proposal?

Item 1 requires a plurality of the votes cast to elect a director; however, under our Governance Principles, a nominee who receives more "withhold" votes than "for" votes will be required to tender his or her resignation to the Governance Committee. For more information on this subject, see "Corporate Governance Matters Majority Vote Standard for Election of Directors" beginning on page 6 of this proxy statement.

Items 2 to 4 require the affirmative vote of a majority of those shares present in person or represented by proxy and entitled to vote thereon at the meeting. In addition, under New York Stock Exchange rules, the number of votes cast on Item 3 must represent more than 50% of all the shares entitled to vote on such proposal.

All shares entitled to vote at the meeting are entitled to one vote per share. The voting trustees for the Class B common shares have informed us that they intend to vote the Class B common shares in favor of the seven nominees for director to be elected by holders of voting shares named below and the four nominees for Class B director named below.

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 are 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.

Will the meeting be accessible to disabled persons?

The Westin Indianapolis is accessible to disabled persons and, upon request, we will provide wireless headsets for hearing amplification. Sign interpretation will also be offered upon request. Please call us at least five days in advance at 317-685-7330 if you require either of these services or other 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?

In addition to mailing these proxy materials, certain employees or other representatives of the company may solicit proxies by telephone, facsimile, e-mail or personal contact. They will not be specifically compensated for doing so.

PRINCIPAL STOCKHOLDERS

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 voting securities of the company as of March 7, 2008. 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(1)	
	Number of Shares	% (2)
Melvin Simon & Associates, Inc., <i>et al.</i> ⁽³⁾ 225 West Washington Street Indianapolis, IN 46204	34,954,037 ⁽⁴⁾	13.7%
Edward J. DeBartolo, Jr., <i>et al.</i> ⁽⁵⁾ 15436 North Florida Avenue, Suite 200 Tampa, FL 33613	15,163,838 ⁽⁶⁾	6.3%
Barclays Global Investors, NA, <i>et. al.</i> ⁽⁷⁾ 45 Fremont Street San Francisco, CA 94105	11,728,883	5.2%
The Vanguard Group, Inc. ⁽⁸⁾ 100 Vanguard Boulevard Malvern, PA 19355	14,353,487	6.4%

- (1) Shares include shares of common stock, Class B common stock and Class C common stock. Upon the occurrence of certain events, Class B common stock and Class C common stock convert automatically into common stock (on a share-for-share basis). The amounts in the table also include common shares that may be issued upon the exercise of stock options as well as the exchange of units of limited partnership interest of our majority-owned subsidiary, Simon Property Group, L.P., or the Operating Partnership. Common units of the Operating Partnership are exchangeable either for shares of common stock (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 shares of common stock 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 4,504,158 shares of common stock currently outstanding; 30,091,879 shares of common stock issuable upon exchange of units; 350,000 shares of common stock issuable upon exercise of stock options that are exercisable within 60 days; and 8,000 shares of Class B common stock. Does not include 4,472,576 shares of common stock 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) The beneficial owners of the securities are Edward J. DeBartolo, Jr., NID Corporation, directly or indirectly, members of the DeBartolo family, and trusts established for the benefit of members of the DeBartolo family or entities in which the foregoing persons hold interests.
- (6) Includes 15,159,838 shares of common stock issuable upon exchange of units and 4,000 outstanding shares of Class C common stock. Does not include 1,797 shares of common stock or 30,000 shares of common stock issuable upon exchange of units held by M. Denise DeBartolo York over which Edward J. DeBartolo, Jr. and NID Corporation do not have voting or dispositive power.
- (7) Based solely on information provided by Barclays Global Investors, NA, Barclays Global Fund Advisors, Barclays Global Investors, Ltd., Barclays Global Investors Japan Limited, and Barclays Global Investors Canada Limited in a Schedule 13G filed with the Securities and Exchange Commission on February 6, 2008. 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 10,071,842 shares of common stock and to dispose of 11,728,883 shares.
- (8) Based solely on information provided by The Vanguard Group, Inc. in a Schedule 13G filed with the Securities and Exchange Commission on February 12, 2008. The Vanguard Group, Inc. has the sole power to vote 231,045 shares of common stock and dispose of 14,353,487 shares. Vanguard Fiduciary Trust Company, a wholly owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 36,660 shares of common stock and directs the voting of those shares.

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. During the past year, the Board reviewed our Governance Principles, the written charters for each of the five standing committees of the Board and our Code of Business Conduct and Ethics and amended 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, 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.

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 set forth in Appendix A to this proxy statement and are also included in our Governance Principles, which are available on our internet website, www.simon.com, as described above. The Board has affirmatively determined that each of the seven nominees for director to be elected by the holders of voting shares, and Fredrick W. Petri and M. Denise DeBartolo York, current directors appointed by the holder of Class C common shares, meets these categorical standards and is independent.

In making its determination with respect to Ms. DeBartolo York, the Board considered her relationship with other members of the DeBartolo family and related persons who control NID Corporation and who, in the aggregate, hold all shares of our Class C common stock and are principal stockholders. The Board concluded that these relationships would not interfere with the ability of Ms. DeBartolo York to be independent from management and to act in our best interests and the interests of our stockholders.

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

Majority Vote Standard for Election for Directors

Our Governance Principles require that any director who, in an uncontested election, receives a greater number of "withhold" votes than "for" votes promptly tender his or her resignation to the Chairman of the Governance Committee. The Governance Committee will promptly consider the resignation and will recommend to the Board whether to accept or reject it. Both the Governance Committee and the Board will consider all factors they deem relevant in the exercise of their fiduciary duties, including, without limitation:

the director's qualifications, length of service, and contributions to the company;

the stated reasons why the stockholders withheld their votes for the director; and

our Governance Principles.

The Board will act on the recommendation within 90 days after the vote is certified, unless the action to be taken would cause us to fail to meet any applicable requirement of the Securities and Exchange Commission or the New York Stock Exchange. The affected director cannot participate in any part of the process. We will disclose the Board's decision on a Form 8-K furnished to the Securities and Exchange Commission promptly

after the decision, including a full explanation of the process by which the decision was reached and, if applicable, the reasons why the Board rejected the director's resignation.

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 shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors.

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, 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, 2007 all applicable Section 16(a) filing requirements were met.

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, 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 Audit Committee Charter, which is available in the About Simon/Investor Relations/Corporate Governance section of our internet website at 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 executive 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 thereafter if he resigns or is terminated for cause. These restrictions will not prohibit Melvin Simon, Herbert Simon or David Simon from owning an interest in the four 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 four shopping centers referred to above pursuant to management agreements, some of which were not negotiated on an arms-length basis. These agreements were reviewed and approved by the Audit Committee and management believes that their terms are fair to us.

We reimburse companies owned by MSA and David Simon, respectively, for our business use of the aircraft owned and operated by such entities. In addition, 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 2007, MSA paid us \$1,250,000 as MSA's share of the cost of services provided by us before a credit of \$654,150 for the cost of our use of aircraft owned by MSA's subsidiaries during the same period. David Simon's company was reimbursed \$354,305 for company business use of that aircraft in 2007. 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. 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 the foregoing, trusts established for the benefit of any of the foregoing or entities controlled by any of the foregoing) or the DeBartolo family (including Edward J. DeBartolo, Jr., Marie Denise DeBartolo York, members

of the immediate family of any of the foregoing, estates of any of 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 or the DeBartolo 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 short fall in the proceeds. As of December 31, 2007, 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., NID Corporation, directly or indirectly, members of the DeBartolo family, trusts established for the benefit of members of the DeBartolo family or entities in which the foregoing persons hold interests \$123,539,163; M. Denise DeBartolo York \$15,000,000; and MSA, wholly owned subsidiaries of MSA, Melvin Simon, Herbert Simon, David Simon and members of the Simon family \$109,970,000.

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 Ms. DeBartolo York, attended the 2007 annual meeting. During 2007, the Board of Directors met six times and had five standing committees. Those committees consisted of an Audit Committee, a Compensation Committee, a Governance Committee, a Nominating Committee and an Executive Committee. During 2007, all directors, except for Ms. DeBartolo York who participated in 57%, 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.

Committee Membership

The table below provides membership and meeting information for each of the committees of the Board.

Name	Audit	Compensation	Governance	Nominating	Executive
Birch Bayh			X	X*	
Melvyn E. Bergstein	X	X*		X	
Linda Walker Bynoe		X	X		
Karen N. Horn, Ph.D.		X	X*		
Reuben S. Leibowitz	X	X			
Fredrick W. Petri	X	X			
David Simon					X*
Herbert Simon					X
Melvin Simon					X
J. Albert Smith, Jr.**	X*		X	X	
Richard S. Sokolov					X
Pieter S. van den Berg			X		
M. Denise DeBartolo York				X	
2007 Meetings	10	10	4	1	0

* Chair

** 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 21, 22 and 23 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 ("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.

Our Charter requires that the Compensation Committee have at least one member be elected by holders of the Class B common shares and at least one member be elected by holders of the Class C common shares. The charter of the Compensation Committee requires that each member meet the independence requirements of the New York Stock Exchange. The holders of Class B common shares have waived their right to elect a member of the Compensation Committee.

No member of the Compensation Committee during 2007 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. Our Charter requires that the Nominating Committee have five members, with two members appointed by the Class B common shares and one member appointed by the Class C common shares. The members of the Nominating Committee who are appointed by the holders of the Class B common and Class C common shares 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.

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 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.

ITEM 1 ELECTION OF DIRECTORS

The holders of voting shares will elect seven directors, and the holders of Class B common shares will elect four directors. The holders of Class C common shares have the right to elect two directors; however, they have not nominated or indicated their intention to vote for the two Class C director positions. As a result, we expect the current Class C directors will continue to hold such offices. Each director will serve until the 2009 annual meeting of stockholders and until his or her successor has been elected.

Pursuant to our Governance Principles, any director who receives a greater number of "withhold" votes than "for" votes is required to promptly tender his or her resignation. See "Corporate Governance Matters Majority Vote Standard for Election of Directors" above for more details of this Governance Principle.

The shares of Class B common stock are held by a voting trust that is obligated to elect Melvin Simon, Herbert Simon and David Simon as directors.

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.

The persons named in your proxy intend to vote the proxy for the election of each of the nominees, unless you indicate on the proxy card that your vote should be withheld from any or all such nominees.

The Board of Directors unanimously recommends that stockholders vote FOR the election of the nominees named below.

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, unless the Board of Directors chooses to reduce the number of directors serving on the Board.

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 7, 2008, the nominees and our named executive officers:

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

owned beneficially the indicated number and percentage of units of the Operating Partnership which are exchangeable for shares of common stock 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.

Name and Age as of the May 8, 2008 Meeting Date	Position, Principal Occupation, Business Experience and Directorships(1)	Number of Shares(2)(3)(4) and Units, and Percent of Shares(5) and Units(6) Beneficially Owned as of March 7, 2008

NOMINEES FOR DIRECTOR TO BE ELECTED BY HOLDERS OF VOTING SHARES

Birch Bayh	80	Partner in the Washington, D.C. law firm of Venable LLP (or its predecessor) since 2001. Mr. Bayh was a partner in the law firm of Oppenheimer Wolff & Donnelly LLP from 1998 to 2001 and served as a United States Senator from Indiana from 1963 to 1981. A director of the company or its predecessor since 1993. Member of our Governance and Nominating Committees.	Shares: 9,406 Percent of Shares: * Units: 0 Percent of Units:
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Melvyn E. Bergstein	66	Chairman of Diamond Management & Technology Consultants, Inc. and its predecessors since 1994 and Chief Executive Officer from 1994 to 2006. Prior to co-founding Diamond, Mr. Bergstein served in several capacities throughout a 22-year career with Arthur Andersen LLP's consulting division. Our director since 2001. Member of our Audit, Compensation and Nominating Committees.	Shares: 24,047 Percent of Shares: * Units: 0 Percent of Units:
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Linda Walker Bynoe	55	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: 9,466 Percent of Shares: * Units: 0 Percent of Units:
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NOMINEES FOR DIRECTOR TO BE ELECTED BY HOLDERS OF VOTING SHARES
(continued)

Karen N. Horn, Ph.D.	64	Senior Managing Director of Brock Capital Group 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, Fannie Mae, Northfolk 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 and Governance Committees.	Shares: 7,499 Percent of Shares: * Units: 0 Percent of Units:
Reuben S. Leibowitz	60	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 company in 2004. Our director since 2005. Member of our Audit and Compensation Committees.	Shares: 10,386 ⁽⁷⁾ Percent of Shares: * Units: 0 Percent of Units:

NOMINEES FOR DIRECTOR TO BE ELECTED BY HOLDERS OF VOTING SHARES
(continued)

J. Albert Smith, Jr.	67	<p>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.</p>	<p>Shares: 22,415 Percent of Shares: * Units: 0 Percent of Units:</p>
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Pieter S. van den Berg	62	<p>Founding General/Managing Partner of VCHolland Visitatie PensioenFondsen since 2006 which renders services related to fund governance, primarily on 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.</p>	<p>Shares: 4,197 Percent of Shares: * Units: 0 Percent of Units:</p>
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NOMINEES FOR DIRECTOR TO BE ELECTED BY HOLDERS OF CLASS B COMMON STOCK

Melvin Simon	81	Chairman Emeritus of the Board of the company since October 2007. Co-Chairman of the Board of the company or its predecessor from 1995 to October 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: 34,954,037 ⁽⁸⁾ Percent of Shares: 13.7% Units: 30,091,879 ⁽⁹⁾ Percent of Units: 10.7%
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Herbert Simon	73	Chairman Emeritus of the Board of the company since October 2007. Co-Chairman of the Board of the company or its predecessor from 1995 to October 2007. Mr. Simon was Chief Executive Officer and a director of the company 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: 34,954,037 ⁽⁸⁾ Percent of Shares: 13.7% Units: 30,091,879 ⁽⁹⁾ Percent of Units: 10.7%
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NOMINEES FOR DIRECTOR TO BE ELECTED BY HOLDERS OF CLASS B COMMON STOCK
(continued)

David Simon	46	<p>Chairman of the Board of the company since October 2007. Chief Executive Officer of the company or its predecessor since 1995 and a director of the company or its predecessor since 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.</p>	<p>Shares: 34,954,037⁽⁸⁾ Percent of Shares: 13.7% Units: 30,091,879⁽⁹⁾ Percent of Units: 10.7%</p>
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Richard S. Sokolov	58	<p>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.</p>	<p>Shares: 670,746⁽¹⁰⁾ Percent of Shares: * Units: 60,835 Percent of Units: *</p>
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CURRENT DIRECTORS WHO ARE NOT NOMINEES

Fredrick W. Petri	61	Mr. Petri is currently a Class C Director. Partner of Petrone, Petri & Company, a real estate investment firm Mr. Petri founded in 1993, and President and an officer of Housing Capital Company since its formation in 1994. Prior to that, an Executive Vice President of Wells Fargo Bank, where for over 20 years he held various real estate positions. A director of the company or its predecessor since 1996. Member of our Audit and Compensation Committees.	Shares: 43,148 Percent of Shares: * Units: 0 Percent of Units:
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M. Denise DeBartolo York	57	Ms. York is currently a Class C Director. Chairman of The DeBartolo Corporation, owner of the San Francisco 49ers. Ms. York was Chairman of The Edward J. DeBartolo Corporation from 1994 to 2001, also serving in other executive capacities. A director of the company or its predecessor since 1996. Member of our Nominating Committee.	Shares: 31,797 ⁽¹¹⁾ Percent of Shares: * Units: 30,000 Percent of Units: *
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NAMED EXECUTIVE OFFICERS WHO ARE NOT DIRECTORS

Stephen E. Sterrett	52	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: 116,840 Percent of Shares: * Units: 0 Percent of Units:
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James M. Barkley	56	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: 131,776 Percent of Shares: * Units: 0 Percent of Units:
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Gary M. Lewis	49	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 and President-Leasing in 2006.	Shares: 63,900 Percent of Shares: * Units: 0 Percent of Units:
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ALL DIRECTORS AND EXECUTIVE OFFICERS AS A GROUP^{(7),(11),(12)}

18 Persons

Shares: 36,231,784
Percent of Shares: 14.2%
Units: 30,182,714
Percent of Units: 10.7%

*

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 shares of common stock that may be purchased pursuant to stock options that are exercisable within 60 days: David Simon 350,000; Richard S. Sokolov 150,000; James M. Barkley 5,000; and all directors and executive officers as a group 505,000.

(3)

Includes the following shares of common stock that may be received upon exchange of units held by the following persons on March 7, 2008: Melvin Simon, Herbert Simon, David Simon, MSA and affiliates of MSA 30,091,879; Richard S. Sokolov 60,835; M. Denise DeBartolo York 30,000; and all directors and executive officers as a group 30,182,714. Units are exchangeable either for shares of common stock (on a one-to-one basis) or for cash.

(4)

Includes the following restricted shares which are subject to vesting requirements: Birch Bayh 1,113; Melvyn E. Bergstein 1,113; Linda Walker Bynoe 972; Karen N. Horn, Ph.D. 1,113; Reuben S. Leibowitz 972; J. Albert Smith, Jr. 1,293; Pieter S. van den Berg 722; David Simon 40,155; Richard S. Sokolov 37,948; Fredrick W. Petri 722; M. Denise DeBartolo York 722; Stephen E. Sterrett 25,278; James M. Barkley 25,594; Gary M. Lewis 26,653; and all directors and executive officers as a group 201,155. Includes shares acquired through the reinvestment of dividends on shares held in the Director Deferred Compensation Plan.

(5)

At March 7, 2008, there were 224,191,418 shares of common stock, 8,000 shares of Class B common stock and 4,000 shares of Class C common stock outstanding. Upon the occurrence of certain events, shares of Class B common stock and Class C common stock convert automatically into common stock (on a share-for-share basis). These percentages assume the exercise of stock options and exchange of units for common stock only by the applicable beneficial owner.

(6)

At March 7, 2008, there were 281,245,405 outstanding units of which we owned, directly or indirectly, 224,203,418 or 79.7%. These percentages assume that no units are exchanged for common stock.

(7)

Does not include 3,000 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) Includes 313,996 shares of common stock pledged as security for a margin account.
- (11) Does not include shares and units held by Edward J. DeBartolo, Jr. and certain related persons and entities. See "PRINCIPAL STOCKHOLDERS."
- (12) 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 (4,472,576 units).

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE ELECTION OF EACH OF THE ELEVEN NOMINEES NAMED ABOVE.

ITEM 2 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has selected Ernst & Young LLP, or E&Y, as our independent registered public accounting firm for 2008, 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 2007 and 2006. 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 a majority of stockholders 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 RATIFY THE SELECTION OF E&Y AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2008.

REPORT OF THE AUDIT COMMITTEE

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 and regulatory requirements. We have the sole authority to appoint or replace the company's independent registered public accounting firm. The committee has four independent directors and operates under a written charter adopted by the Board. 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 ten meetings during 2007. 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, 2007 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 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 (Communication with Audit Committees).

E&Y also provided to us the written disclosures and the letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and represented that E&Y is independent from the company. We also discussed with E&Y their independence from the company. 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 reviews of the company's quarterly unaudited consolidated financial statements and the effectiveness of internal control over financial reporting, 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, 2007 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, 2008 and will present the selection to the stockholders for ratification at the meeting.

We pre-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 Mr. Smith, as Chairman of the Audit Committee, authority to pre-approve specific services up to specified individual and aggregate fee amounts. These pre-approval decisions are presented to the full Audit Committee at the next scheduled meeting after such approvals are made.

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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, 2007 and 2006, respectively:

	2007	2006
Audit Fees ⁽¹⁾	\$ 2,981,600	\$ 2,362,400
Audit-Related Fees ⁽²⁾	8,085,232	3,834,400
Tax Fees ⁽³⁾	1,440,800	105,600
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, the Operating Partnership and certain of our subsidiaries 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 \$425,000 of fees associated with specific audit procedures directed at our investment in SPG-FCM Ventures, LLC, "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 which are not recurring in nature. Our share of these Audit-Related Fees for the year ended 2007 and 2006 are approximately 43% and 66% of all Audit-Related Fees in 2007 and 2006, respectively. The year over year decline in our percentage share of these costs is primarily attributable to our investment in SPG-FCM and the fact that some of the underlying assets in which SPG-FCM has an interest are also owned, in part, by other joint venture partners who bear a share of these costs.

(3)

Tax Fees include fees for international and other tax consulting services. Tax Fees for 2007 also include return compliance services associated with the 2006 tax returns for The Mills Corporation and related subsidiaries and joint ventures. Our share of these 2007 Tax Fees is approximately 39%. Approximately \$1 million of these fees are non-recurring in nature.

The Audit Committee:

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

ITEM 3 APPROVAL OF AMENDMENTS TO 1998 STOCK INCENTIVE PLAN

General

The Board of Directors has proposed amending the Simon Property Group, L.P. 1998 Stock Incentive Plan, or the 1998 plan, and directed that the proposed amendment be submitted to the stockholders for consideration and approval at the meeting.

The following is a summary of the proposed amendment and certain other principal features of the 1998 plan. The summary is qualified in its entirety by reference to the 1998 plan, as proposed to be amended, set forth as Appendix B to this proxy statement. Stockholders are advised to read the actual text of Appendix B.

By its terms, the 1998 plan will expire September 24, 2008. The primary purpose of the amendment is to extend the term of the 1998 plan for slightly longer than five years until December 31, 2013. Other changes being made would: (1) change the definition of fair market value of common stock from the mean between the high and low sales prices to the closing price, in each case as reported by the New York Stock Exchange for the date in question; (2) delete provisions permitting us to issue "reload options;" (3) revise the definition of performance units to include awards of equity interests in the Operating Partnership that, in certain circumstances, would be exchangeable for our common stock; and (4) revise the current prohibition on repricing of options without stockholder approval to apply to stock appreciation rights.

The amendment will not increase the number of shares of common stock available for issuance as awards under the 1998 plan. As of March 7, 2008, the number of shares available for issuance under future awards was 3,647,386. The closing price of our common stock as reported by the New York Stock Exchange on March 7, 2008 was \$84.12.

Purpose

The primary purpose of the 1998 plan is to attract and retain the best available officers, key employees, eligible directors, advisors and consultants for positions of substantial responsibilities with us and our affiliates and to provide an additional incentive to such officers, key employees, eligible directors, advisors and consultants to exert their maximum efforts to maintain and enhance our, and the Operating Partnership's, performance and profitability. Eligible directors are directors who are not employees of us or our affiliates. All of our officers, key employees, advisors and consultants and those of our affiliates (except for Melvin Simon and Herbert Simon) and all eligible directors are eligible to be granted awards under and participate in the 1998 plan. The number of individuals currently eligible to participate in the 1998 plan is approximately 241.

Administration

The plan is administered by a committee of members of the Board of Directors. The committee, in its sole discretion, determines which eligible individuals will participate in the 1998 plan and the type, extent and terms of the awards to be granted to them. In addition, the committee interprets the plan and makes all other determinations deemed advisable for its administration.

Awards

The plan provides for the grant of the following types of awards: incentive stock options within the meaning of Section 422 of the Internal Revenue Code, nonqualified stock options, stock appreciation rights or SARs, restricted stock, restricted stock units and performance units. As of March 7, 2008, an aggregate of 1,800,376 shares of common stock were covered by outstanding awards made under the 1998 plan which consists of 795,138 shares of unvested restricted stock and unexercised stock options covering 1,005,238.

Stock options represent rights to purchase a specified number of shares of our common stock at a designated exercise price for a specified exercise period. Stock options intended to qualify as incentive stock options must have an exercise price of not less than 100% (or, in the case of a holder of 10% or more of our common stock, 110%) of the fair market value of a share on the date of the grant. The aggregate fair market value (determined on the date of grant) of the shares subject to incentive stock options that become exercisable for the first time by a grantee in any calendar year may not exceed \$100,000. The exercise price of options that do not qualify as incentive stock options will be not less than 100% of the fair market value of a share on the date of grant.

Unless the committee determines otherwise with respect to nonqualified stock options, no stock option granted may be exercised more than ten years after the date of grant (or, in the case of incentive stock options granted to a holder of 10% of our common stock, five years) or such shorter period as the committee may determine.

Stock options will become exercisable in the manner and at the time or times specified by the committee at the time of award. Generally, if employment or service is terminated by the participant for any reason other than death, disability or retirement, vested options may be exercised for up to thirty days after termination. In the event of death or disability, unvested options will become exercisable for one year, but not beyond the expiration date. If employment is terminated for cause, all stock options terminate immediately. If employment is terminated by reason of retirement, vested options may be exercised for up to three years, but not beyond the expiration date.

The exercise price of a stock option and any amount sufficient to satisfy any tax withholding requirement must be paid in full at the time of exercise. Subject to certain conditions, the committee may permit payment by tendering shares already owned. Except as required in connection with a change in capitalization or reorganization, no outstanding options may be repriced without the prior approval of the shareholders.

SARs represent the right to acquire upon exercise of the award the amount by which the market value of a share of our common stock on the settlement date exceeds the base value of the award. This amount is then paid in cash or shares of our common stock using the market value on the settlement date. The base value of any SAR award will be not less than 100% of the fair market value of a share on the date of grant. Unless the committee determines otherwise, no SARs may be exercised more than ten years after the date of grant. The provisions regarding the expiration of stock options upon termination of employment or service also apply to SARs.

Restricted stock awards, which may be subject to performance-based conditions, continuing service requirements, or other conditions, are grants of shares of our common stock that are subject to forfeiture provisions and transfer restrictions. In general, pending the lapse of such provisions and restrictions, certificates representing shares of restricted shares are held by us, but the grantee has all of the rights of a stockholder, including the right to vote the shares and the right to receive all dividends thereon.

While awards of restricted stock may be subject to forfeiture provisions and transfer restrictions for a period of time, there are no minimum or maximum durations for such provisions and restrictions, except that service-based restrictions must, in most instances, have a restricted period of at least 36 months. The committee has the authority to accelerate or remove any or all of these forfeiture provisions and transfer restrictions. If employment is terminated for any reason other than death or disability prior to the lapse of the forfeiture provisions and transfer restrictions, the unvested portion of the shares will be terminated and returned to us. In the event of death prior to the expiration of the forfeiture provisions and transfer restrictions, the award will become fully vested.

Performance unit awards are subject to satisfaction of one or more performance measures discussed below under " Performance Measures" and may relate to shares of our common stock or equity interests in the Operating Partnership. The goals for the performance measures and all other terms and conditions of the award will be determined by the committee. The awards may also be subject to additional service-based restrictions. After an award which relates to equity interests in the Operating Partnership is fully vested, the award may, subject to certain conditions, may be exchanged for shares of our common stock, cash or a combination thereof. In general, if employment is terminated prior to attaining the specified goals or satisfying the service-based restrictions, the award will be forfeited. Except to the extent limited by Section 162(m) of the Internal Revenue Code, the committee, in its sole discretion, may provide that, in the event of a grantee's death, disability, retirement or such other circumstances as the committee deems fair and equitable to the grantee and in our interest, the grantee will be entitled to full or partial payment with respect to such award.

Performance Measures

In addition to performance units, the committee may make awards subject to the achievement of one or more performance measures. This may permit the award to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Internal Revenue Code and related regulations to the extent they apply to us and to the affected participants. With respect to "covered employees" within the meaning of Section 162(m), performance measures will be based on an objective formula or standard consisting of one or any combination of the following:

Earnings per share	Return to stockholders
Return on equity	Revenue
Return on assets	Market share
Market value per share	Cash flow
Funds from operations	Cost reduction goals

Any of these financial criteria may be determined on a corporate, regional, departmental or divisional basis. They may be measured on an absolute or average basis, by changes to the financial criteria for a previous period or in comparison to an index or a peer group of other companies selected by the committee. The committee may amend or adjust the financial criteria or other terms and conditions of an outstanding award in recognition of unusual or nonrecurring events affecting us or our financial statements or changes in law or accounting, except if otherwise limited by Section 162(m).

Termination Or Amendment

As proposed to be amended, the plan will terminate on December 31, 2013. We may at any time suspend, discontinue or amend the plan in any respect whatsoever, except that no such amendment will impair any rights under any outstanding award without the consent of the recipient of the award. We will obtain stockholder approval of amendments as required by applicable law or regulation.

Federal Income Tax Consequences

The following is a brief discussion of the federal income tax consequences applicable to awards under the plan based on the Internal Revenue Code, as in effect as of the date of this summary. This discussion is not intended to be exhaustive and does not describe the state or local tax consequences.

We will be entitled to a tax deduction for awards under the plan only to the extent that the participants recognize ordinary income from the award. Section 162(m) of the Internal Revenue Code contains special rules regarding the deductibility of compensation paid to certain of our most highly compensated executive officers who we refer to as Section 162(m) participants. The general rule is that annual compensation paid to any Section 162(m) participant will be deductible only to the extent that it does not exceed \$1,000,000 or it

qualifies as "performance-based compensation" under Section 162(m). It is intended that the plan will permit the Compensation Committee to make awards which qualify as performance-based compensation.

A grantee who receives a non-qualified stock option does not recognize taxable income upon the grant of the option, and we will not be entitled to a tax deduction at that time. The grantee will recognize ordinary income upon the exercise of the option in an amount equal to the excess of the fair market value of the option shares on the exercise date over the option price. Such income will be treated as compensation to the grantee subject to applicable withholding requirements. We are generally entitled to a tax deduction in an amount equal to the amount taxable to the grantee as ordinary income in the year the income is taxable to the grantee. Any appreciation in value after the time of exercise will be taxable to the grantee as capital gain and we will not be entitled to a deduction for the appreciation.

A grantee who receives an incentive stock option does not recognize taxable income upon the grant or exercise of the option, and we will not be entitled to a tax deduction. The difference between the option price and the fair market value of the option shares on the date of exercise, however, will be treated as a tax preference item for purposes of determining the alternative minimum tax liability, if any, of the grantee in the year of exercise. We will not be entitled to a deduction with respect to any item of tax preference.

A grantee will recognize gain or loss upon the disposition of shares acquired from the exercise of incentive stock options. The nature of the gain or loss depends on how long the option shares were held. If the option shares are not disposed of pursuant to a "disqualifying disposition" (i.e., no disposition occurs within two years from the date the option was granted nor one year from the date of exercise), the grantee will recognize long-term capital gain or capital loss depending on the selling price of the shares. If option shares are sold or disposed of as part of a disqualifying disposition, the grantee must recognize ordinary income in an amount equal to the lesser of the amount of gain recognized on the sale, or the difference between the fair market value of the option shares on the date of exercise and the option price. Any additional gain will be taxable to the grantee as a long-term or short-term capital gain, depending on how long the option shares were held. We will generally be entitled to a deduction in computing our federal income taxes for the year of disposition in an amount equal to any amount taxable to the grantee as ordinary income.

A grantee who receives an award of SARs will not realize taxable income at the time of award, and we will not be entitled to a tax deduction at such time. On the date of settlement, the grantee will realize ordinary income equal to the excess of the fair market value of the shares as of the settlement date over the fair market value on the date of grant and will be subject to applicable withholding taxes. We will be entitled to a corresponding tax deduction.

A grantee who receives a restricted stock or restricted stock unit award generally will not realize taxable income at the time of the grant, and we will not be entitled to a tax deduction at the time of the grant. When the restrictions lapse, the grantee will recognize income, taxable at ordinary income tax rates, in an amount equal to the excess of the fair market value of the shares at such time over the amount, if any, paid for such shares. We would then be entitled to a corresponding tax deduction. Any dividends paid to the grantee during the restriction period will be compensation income to the grantee and deductible as such by us. The holder of a restricted stock or restricted stock unit award may elect to be taxed at the time of the award on the fair market value of the shares, in which case (1) we will be entitled to a deduction at the same time and in the same amount, (2) dividends paid to the grantee during the restriction period will be taxable as dividends to him or her and not deductible by us and (3) there will be no further federal income tax consequences when the restrictions lapse.

If a grantee receives a performance unit award which relates to our common stock, the grantee will not realize taxable income at the time of the grant, and we will not be entitled to a tax deduction at such time. A

grantee will realize ordinary income at the time the award is paid equal to the amount of cash paid or the value of the shares of common stock delivered, and we would then have a corresponding tax deduction.

If a grantee receives performance units representing an equity interest in the Operating Partnership that are subject to forfeiture, in whole or in part, if the performance conditions are not met, and if the grantee makes an election under Section 83(b) of the Internal Revenue Code, the grantee will not recognize income until the equity interests are exchanged for shares of our common stock or cash. A substantial portion of the grantee's income at the time of exchange will be taxed at capital gains rates, and we will not be entitled to a tax deduction when the units are awarded or when they are exchanged for shares of our common stock or cash.

Plan Benefits

The actual number of shares of common stock that may be issued to participants in the future is presently not determinable. Other than the automatic awards to eligible directors (described below under the caption "DIRECTOR COMPENSATION Compensation of Non-Employee Directors" on pages 54 and 55 of this proxy statement), future awards under the 1998 plan are entirely within the discretion of the committee and cannot be determined.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE AMENDMENT OF THE 1998 STOCK INCENTIVE PLAN.

EQUITY COMPENSATION PLAN INFORMATION

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, 2007.

Plan Category	A		C	
	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 (\$)	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 ⁽¹⁾	1,006,738 ⁽²⁾	\$ 33.48	3,957,482 ⁽³⁾	
Equity compensation plans not approved by security holders				
Total	1,006,738	\$ 33.48	3,957,482	

(1) Consists of the 1998 plan.

(2) Includes 100,956 shares covered by awards assumed in connection with our merger with Corporate Property Investors, Inc. in 1998. The weighted-average exercise price of such awards as of December 31, 2007 was \$26.08. Also includes 92,799 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, 2007 was \$48.11.

(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 7, 2008, there are 3,647,386 number of shares available under the 1998 plan. This reflects the issuance of 310,096 shares of restricted stock in February 2008 in connection with the 2007 stock incentive program.

ITEM 4 STOCKHOLDER PROPOSAL

Barry McArnarney, Executive Director of the Central Laborers' Pension, Welfare & Annuity Funds, which holds 1,270 shares of our common stock, has informed us that he or a designated representative intends to submit the following proposal at the meeting:

Resolved:

That the shareholders of Simon Property Group, Inc. ("Company") request that the Board of Director's Executive Compensation Committee adopt a Pay for Superior Performance principle by establishing an executive compensation plan for senior executives ("Plan") that does the following:

Sets compensation targets for the Plan's annual and long-term incentive pay components at or below the peer group median;

Delivers a majority of the Plan's target long-term compensation through performance-vested, not simply time-vested, equity awards;

Provides the strategic rationale and relative weightings of the financial and non-financial performance metrics or criteria used in the annual and performance-vested long-term incentive components of the Plan;

Establishes performance targets for each Plan financial metric relative to the performance of the Company's peer companies; and

Limits payment under the annual and performance-vested long-term incentive components of the Plan to when the Company's performance on its selected financial performance metrics exceeds peer group median performance.

Supporting Statement:

We feel it is imperative that executive compensation plans for senior executives be designed and implemented to promote long-term corporate value. A critical design feature of a well-conceived executive compensation plan is a close correlation between the level of pay and the level of corporate performance. The pay-for-performance concept has received considerable attention, yet all too often executive pay plans provide generous compensation for average or below average performance when measured against peer performance. We believe the failure to tie executive compensation to superior corporate performance has fueled the escalation of executive compensation and detracted from the goal of enhancing long-term corporate value.

We believe that the Pay for Superior Performance principle presents a straightforward formulation for senior executive incentive compensation that will help establish more rigorous pay for performance features in the Company's Plan. A strong pay and performance nexus will be established when reasonable incentive compensation target pay levels are established; demanding performance goals related to strategically selected financial performance metrics are set in comparison to peer company performance; and incentive payments are awarded only when median peer performance is exceeded.

We believe the Company's Plan fails to promote the Pay for Superior Performance principle in several important ways. Our analysis of the Company's executive compensation plan reveals the following features that do not promote the Pay for Superior Performance principle:

Total compensation is targeted above the peer group median.

Target performance levels for annual incentive plan metrics are not disclosed and are not peer group related.

A majority of the company long-term compensation is not performance-vested.

Target performance levels for the restricted stock award metrics are not disclosed and are not peer group related.

Restricted shares vest ratably over 4 years.

We believe a plan designed to reward superior corporate performance relative to peer companies will help moderate executive compensation and focus senior executives on building sustainable long-term corporate value.

Statement in Opposition

The Board of Directors unanimously recommends a vote "AGAINST" adoption of this proposal for the reasons described in this statement.

The Board of Directors and the Compensation Committee agree that executive compensation programs should be designed and administered to promote long-term stockholder value and that executives should be compensated for superior performance. We do not agree that superior performance can only be measured by financial or stock price performance, which is then applied in a mechanical fashion against peer group performance.

We believe our current executive compensation program works well in attracting and retaining results-oriented individuals, motivating them to achieve our objectives and aligning their interests with the interests of our stockholders. Our compensation program utilizes a variety of tools, including base salary, annual cash bonus opportunities and long-term equity incentives.

Our long-term equity incentives represent a significant portion of our total executive compensation expense. These are tied to achievement of specific goals for objectively measured performance goals, including goals for Funds From Operations (FFO) and comparative measures for total stockholder return.

Our annual cash bonus opportunities depend on the Compensation Committee's and CEO's assessment of how well an individual performed in terms of individualized objectives, including achieving operational and strategic objectives.

The Compensation Committee also takes into account other factors, such as the tax and accounting consequences of various arrangements, the practices of our competitors, and prevailing rates set by the market for executive talent. Limiting our ability to design effective and competitive compensation programs will not help us maximize long-term stockholder value.

Moreover, the Board believes this proposal is misleading in the way it describes our current compensation practices:

The proposal claims that the target levels we use as performance measures for restricted stock awards are not tied to how we perform against a "peer group." However, as discussed in the Compensation Discussion and Analysis (CD&A), two of the three performance metrics we use for our restricted stock awards are tied to achieving total stockholder return in excess of the MSCI US REIT Index and the S&P 500 Index. These awards are only made if we outperform those indices.

The proposal states that our long-term incentives are not performance vested. As we just explained, shares of restricted stock are awarded *only* if objective performance measures for the preceding year are achieved. If the award is made, then the shares of restricted stock begin vesting ratably over the following four years subject to a continuing service requirement. The use of the performance metrics

ties the award to an objective measure of superior performance. The use of the four year vesting period provides an important incentive for executives to maintain their employment with us or risk forfeiting the award.

The proposal implies that our performance has not been superior. The fact is that our total stockholder return has outperformed both of the major comparative indices in which our stock is included, the NAREIT Equity REIT Index and the S&P 500 Index, in each of the three, five and ten year periods ended December 31, 2006. We believe the compensation we paid to our executives appropriately reflects this superior performance.

The proposal suggests that our current compensation program has resulted in excessive executive compensation. A thorough review of our executive compensation program compared to a peer group of fifteen (15) other real estate investment trusts by the Compensation Committee's independent compensation consultant revealed that, although we were the largest member of this group both in terms of market capitalization and enterprise value, the total cash compensation and total direct compensation we paid our named executives for 2006 were generally at or below the median levels of the group. In addition, long-term compensation for our named executives was among the lowest of this group. These results were discussed in the CD&A.

In summary, the Board believes that our existing compensation programs are designed to promote long-term value and have not resulted, and will not result, in excessive executive compensation. To the contrary, these programs have resulted in executive compensation below the median of our peers. The Board believes that the current incentive compensation programs, which are tied to both our performance and that of our peer group, provide the Compensation Committee with some flexibility and discretion, reward superior performance and serve the best interests of our stockholders.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE "AGAINST" THIS STOCKHOLDER PROPOSAL.

COMPENSATION COMMITTEE REPORT

The Compensation Committee consists of the five 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. We have 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.

We intend to reward superior performance, foster the company's ability to attract and retain talent, and promote long-term stockholder value. As the company continues to grow and develop its management capability, it is increasingly important to ensure that its executive compensation program is competitive not only with other real estate companies, but also with other enterprises, in both public and private sectors, with whom the company competes for executive talent. We will continue to monitor the compensation program's effectiveness in meeting these objectives.

We have the authority to engage an independent compensation consultant or other advisors. We currently use Frederic W. Cook & Co., Inc., or Cook, as our independent compensation consultant. Cook does no work for management unless requested by our committee Chairman, receives no compensation from us other than for its work in advising the Compensation Committee, and maintains no other economic relationships with us.

We held ten meetings during 2007. The meetings were designed, among other things, to facilitate and encourage free and frank discussion between committee members and our consultant as well as extensive communication among committee members, executive management, and other company personnel involved in executive compensation matters.

We reviewed and discussed with management the Compensation Discussion and Analysis that immediately follows this report. Based on our review and these discussions with management, we 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, 2007, and proxy statement for the 2008 annual meeting of stockholders.

The Compensation Committee:

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

COMPENSATION DISCUSSION AND ANALYSIS

Overview

The following discussion is intended to supplement the more detailed information concerning executive compensation that appears 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 2007 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.

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.

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.

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 the committee's qualitative assessments of performance provide flexibility to recognize the contributions of executives and assess our overall financial performance in a year; and

long-term incentives which take the form of restricted stock awards 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.

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 the same, the performance factors or goals for annual cash bonuses include both objective and subjective criteria and vary from participant to participant. 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 2007:

Stockholder value creation

Earnings growth

Achievement of successful acquisition and development activity

Achievement of strategic business priorities

Operational efficiencies

The bonus decisions for the named executive officers, except for Mr. Lewis, include relatively few subjective criteria. In Mr. Lewis' case, the target and stretch bonus set by the committee were tied to achievement of specific leasing results. However, the final amount of the annual bonuses to all of the named executive officers is within the committee's discretion, it 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.

The bonuses paid to David Simon in 2008 and to three other executives in 2007 included amounts intended to reward the executives for their successful efforts in negotiating, closing and integrating the acquisition of The Mills Corporation which was acquired in 2007 by a joint venture in which we own a 50% interest.

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.

In each of the past five years, the committee has created annual stock incentive programs. The details of the two most recent stock incentive programs are explained below. The committee allocates each participant an opportunity to receive an award designated in dollars that will be made only if the goals for the financial and stockholder return-based performance measures for the performance year have been achieved. The determination of the extent to which the goals have been met is made after our financial results have been announced in the following year.

In recent years, the performance measures have included "target" and "stretch" goals for FFO per share and two other relative performance measures which require our total stockholder return for the performance year to exceed two recognized stock indices the Morgan Stanley US REIT Index and the S&P 500 Index.

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Depending on the extent to which the performance measures are achieved, the dollar amounts 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 2006 stock incentive program had the following terms:

Incentive opportunities designated in dollar values aggregating approximately \$29.3 million were allocated to a total of 217 participants, including 11 executive officers.

The performance measures, goals and weightings for the program year were as follows:

Performance Measure	Goal	Weighting
"Target" FFO per Share Goal	\$ 5.30	35%
"Stretch" FFO per Share Goal	\$ 5.36	25%
Total Stockholder Return (including dividends) vs. MSCI US REIT Index	(meet or exceed)	25%
Total Stockholder Return (excluding dividends) vs. S&P 500 Index	(meet or exceed)	15%
<i>Total</i>		100%

The 2006 program recognized evaluations of individual performance 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." Participants with the highest rating of "3" received 110% to 125% of the initial allocation based on corporate performance (the "calculated award"). Participants with a rating of "2" received 100% of the calculated award. Participants with a rating of "1" received 75% of the calculated award, and participants with a rating of "0", which represents unacceptable performance, received 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 26, 2007, the committee determined that all of the performance measures for the 2006 program year had been achieved and calculated the adjusted value for the participants using their assigned ratings. The adjusted value was then converted into shares of restricted stock by dividing the adjusted value by \$118.96, the average of the closing prices for our common stock over the ten trading day period commencing three trading days after we announced our earnings for the program year, or the ending average price. Fractional shares were rounded to the next full share. A total of 246,271 shares of restricted stock were issued under the program, including 47,917 shares which were issued to the named executive officers.

The shares of restricted stock issued in 2007 under the 2006 stock incentive program vest in four equal annual installments commencing January 1, 2008 with a continuous service requirement, except for termination of service resulting from death, disability or, in the exercise of the committee's sole discretion, retirement. Participants are entitled to vote and receive distributions on unvested shares.

The restricted stock awards under the 2006 stock incentive program are reported in the Grants of Plan-Based Awards in 2007 Table on page 46 in this proxy statement and a portion of the compensation expense associated with the grant is included in the Stock Awards column of the Summary Compensation Table.

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The 2007 stock incentive program had the following terms:

Incentive opportunities designated in dollar values aggregating approximately \$31.5 million were allocated to a total of 232 participants, including eleven executive officers.

The 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 performance 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." 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 opportunities and calculated the adjusted value for the participants using their assigned ratings. The adjusted value was then converted into shares of restricted stock by dividing the adjusted value by the ten day average price of \$84.98. Fractional shares were rounded to the next full share. A total of 297,705 shares of restricted stock were issued under the program, including 61,191 shares which were issued 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 will be reported in the Grants of Plan-Based Awards in 2007 Table in the proxy statement for next year's annual meeting.

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 page 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 page 52 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, all the amounts disclosed in the Nonqualified Deferred Compensation in 2007 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 under the 1998 plan in the past five years. 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. As described below, management engaged FPL Associates L.P., or FPL, to report on how our executive compensation compared to the most recent information available for other public real estate companies. The CEO develops his recommendations using the FPL data 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 the views of its compensation consultant, Cook, and the data provided by FPL, the final compensation decisions affecting all executive officers are within its discretion.

The committee uses the "total direct compensation" we pay our executive officers to assess the competitiveness of our pay practices. 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 the preceding year. Although they are not paid until the following year, bonuses are reflected as having been earned for the preceding year 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 in 2007 Table for the performance year. The amounts of total direct compensation paid to the named executive officers for 2007 and 2006 are shown in the Supplemental Table on page 45 of this proxy statement.

Competitive Position

As explained above, management engaged FPL to provide competitive market compensation information for the named executive officers. FPL's report included the following components of compensation:

Base salary

Annual cash incentive

Total annual cash compensation (base salary plus annual cash incentive)

Long-term incentive award value