

TAUBMAN CENTERS INC  
Form DEF 14A  
April 07, 2015  
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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  
Taubman Centers, Inc.

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(Name of Registrant as Specified In Its Charter)

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

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No fee required.

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(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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

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(3) Filing Party:

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(4) Date Filed:

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TAUBMAN CENTERS, INC.  
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD MAY 29, 2015

To the Shareholders of Taubman Centers, Inc.:

The 2015 Annual Meeting of Shareholders of Taubman Centers, Inc. (the "Company") will be held on Friday, May 29, 2015, at The Townsend Hotel, 100 Townsend Street, Birmingham, Michigan 48009, at 11:00 a.m., Eastern time, for the following purposes:

1. To elect three directors named in the accompanying proxy statement to serve until the 2018 annual meeting of shareholders;
2. To ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm for the year ending December 31, 2015;
3. To approve (on an advisory basis) the compensation of our named executive officers; and
4. To transact such other business as may properly come before the meeting or any postponement or adjournment thereof.

The Board of Directors has fixed the close of business on March 30, 2015 as the record date for determining the shareholders entitled to notice of, and to vote at, the annual meeting or any adjournment or postponement of the annual meeting.

We have elected again to furnish proxy materials to you primarily through the Internet, which expedites your receipt of materials, lowers our expenses and conserves natural resources. On or about April 15, 2015, we intend to mail to our shareholders of record (other than shareholders who previously requested e-mail or paper delivery of proxy materials) a notice containing instructions on how to access our 2015 proxy statement and 2014 annual report through the Internet and how to vote through the Internet. The notice also will include instructions on how to receive such materials, at no charge, by paper delivery (along with a proxy card) or by e-mail. Beneficial owners will receive a similar notice from their broker, bank or other nominee. Please do not mail in the notice, as it is not intended to serve as a voting instrument. Notwithstanding anything to the contrary, the Company may send certain shareholders of record a full set of proxy materials by paper delivery instead of the notice or in addition to sending the notice.

If you elected to receive the proxy materials by paper delivery, the annual report, proxy statement (together with the notice of annual meeting), and proxy card or voting instruction card will be enclosed. You can elect to receive future proxy materials by e-mail at no charge instead of receiving these materials by paper delivery by voting using the Internet and, when prompted, indicating you agree to receive or access shareholder communications electronically in future years.

By Order of the Board of Directors

Robert S. Taubman,  
Chairman of the Board, President and Chief Executive Officer  
Bloomfield Hills, Michigan

April 7, 2015

Your vote is important. Whether or not you plan to attend the annual meeting, we urge you to vote promptly to save us the expense of additional solicitation. If you attend the annual meeting, you may revoke your proxy in accordance with the procedures set forth in the proxy statement and vote in person.

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PROXY SUMMARY

This proxy summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider and therefore you should read the entire proxy statement before voting. For more complete information regarding the Company's 2014 performance, review the Company's annual report on Form 10-K for the year ended December 31, 2014.

Please Vote Today

Your vote is important. Whether or not you plan to attend the annual meeting, we urge you to vote promptly to save us the expense of additional solicitation. Please carefully review the proxy materials for the 2015 annual meeting and follow the instructions below to cast your vote on all of the voting matters.

Voting Matters and Board Recommendations

		Board Recommendation
Proposal 1	Election of Directors (page <u>10</u> )	FOR each nominee
Proposal 2	Ratification of Auditors (page <u>66</u> )	FOR
Proposal 3	Advisory Vote to Approve Named Executive Officer Compensation (page <u>67</u> )	FOR

Voting Methods in Advance of Annual Meeting

Even if you plan to attend the 2015 annual meeting in person, please vote right away using one of the following voting methods (see pages 4-5 for additional details). Make sure to have your proxy card or voting instruction card in hand and follow the instructions.

You can vote in advance in one of three ways:

• Use the Internet. Visit the website listed on your proxy card or voting instruction card.

• Call by Telephone. Call the telephone number on your proxy card or voting instruction card.

• Send by Mail. Sign, date and return your proxy card or voting instruction card in the enclosed envelope.

Attend and Vote at Annual Meeting

Date: Friday, May 29, 2015

Time: 11:00 a.m., Eastern time

Location: The Townsend Hotel, 100 Townsend Street, Birmingham, Michigan 48009

Shareholders of record, and beneficial owners (if in possession of a proxy from your broker, bank or other nominee), as of March 30, 2015 may attend and vote at the annual meeting.

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## Director Nominees

The Board currently consists of nine members serving three-year staggered terms. Three directors are to be elected at the annual meeting, each to serve until the 2018 annual meeting of shareholders or until such director's earlier resignation, retirement or other termination of service. The Board has renominated Graham Allison, Peter Karmanos, Jr. and William Taubman for new three-year terms and the following table provides summary information about such director nominees.

Name	Age	Director Since	Independent	Primary Occupation	Committee Memberships	Current Public Company Boards
Graham T. Allison	75	1996	Yes	Professor and Director of Belfer Center for Science and International Affairs, Harvard University	NCGC and Executive	---
Peter Karmanos, Jr.	72	2000	Yes	Chairman and Co-founder of MadDog Technology	Compensation	Worthington Industries
William S. Taubman	56	2000	No	Chief Operating Officer of the Company	---	---

## Executive Compensation Highlights

See "Compensation Discussion and Analysis—Executive Summary" beginning on page 28 for a summary of key compensation matters for 2014.

## Say-on-Pay Proposal

The Company's say-on-pay proposal was approved by approximately 89.4% of the votes cast at the 2014 annual meeting. At the 2015 annual meeting, shareholders are being asked to provide advisory approval of the Company's named executive officer compensation for 2014.

## Governance Highlights

The Company is committed to good corporate governance appropriate to the Company and its shareholders.

## Highlights include:

- Six independent directors out of nine directors and fully independent Board committees;
- Robust stock ownership guidelines and ownership among executive officers and directors;
- Hedging, pledging and clawback policies;
- Annual Board and committee performance evaluations;
- Robust governance policies; and
- Shareholder engagement by Chair of Nominating and Corporate Governance Committee, as appropriate.

## Ratification of Auditors

At the 2015 annual meeting, shareholders are being asked to ratify the appointment of KPMG as the Company's independent registered public accounting firm for 2015.

The following table sets forth the fees the Company was billed for audit and other services provided by KPMG in 2014 and 2013. All of such services were approved in conformity with the Audit Committee's pre-approval policies and procedures. The Audit Committee, based on its reviews and discussions with management and KPMG, determined that the provision of these services was compatible with maintaining KPMG's independence.

	2014	2013
	(\$)	(\$)
Audit Fees	1,758,093	1,683,354
Audit-Related Fees	74,250	36,350
Tax Fees	27,551	26,017
Other Fees	—	—

Total Fees

1,859,894

1,745,721

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TAUBMAN CENTERS, INC.

200 East Long Lake Road, Suite 300

Bloomfield Hills, Michigan 48304-2324

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

MAY 29, 2015

References in this proxy statement to the “Company” mean Taubman Centers, Inc. and/or one or more subsidiaries, including, but not limited to, The Taubman Realty Group Limited Partnership (“TRG”), the Company's majority-owned subsidiary partnership through which the Company owns interests in shopping centers, Taubman Asia Management Limited, the management company which provides services to Taubman Properties Asia LLC and subsidiaries (“Taubman Asia”), the platform for the Company's expansion into China and South Korea, and The Taubman Company LLC (the “Manager”), which is approximately 99% beneficially owned by TRG and provides property management, leasing, development and other administrative services to, among others, the Company and its U.S. shopping centers. The Manager employs all U.S. employees of the Company and assists in all employee compensation matters. This proxy statement contains information regarding the annual meeting of shareholders of Taubman Centers, Inc. to be held at 11:00 a.m., Eastern time, on Friday, May 29, 2015 at The Townsend Hotel, 100 Townsend Street, Birmingham, Michigan 48009 (the “annual meeting”). The Company's Board of Directors (the “Board”) is soliciting proxies for use at the annual meeting and at any adjournment or postponement of such meeting. On or about April 15, 2015, the Company intends to mail to its shareholders of record (other than shareholders who previously requested e-mail or paper delivery of proxy materials) a notice (the “Notice”) containing instructions on how to access this proxy statement and the 2014 annual report through the Internet. Beneficial owners will receive a similar notice from their broker, bank or other nominee. In addition, on or about April 15, 2015, the Company and brokers, banks and other nominees will begin mailing or e-mailing the proxy materials to shareholders of record who previously requested such delivery. Notwithstanding anything to the contrary in this proxy statement, the Company may send certain shareholders of record a full set of proxy materials by paper delivery instead of the Notice or in addition to sending the Notice.

ABOUT THE MEETING

What is the purpose of the 2015 annual meeting?

At the 2015 annual meeting, holders of the Company's common stock (the “common stock”) and Series B Non-Participating Convertible Preferred Stock (the “Series B Preferred Stock” and, together with the common stock, the “Voting Stock”) will act upon the matters outlined in the accompanying notice of meeting, including:

- the election of three directors named in this proxy statement to serve until the 2018 annual meeting of shareholders;
- the ratification of the appointment of KPMG LLP (“KPMG”) as the Company's independent registered public accounting firm for the year ending December 31, 2015; and
- the approval (on an advisory basis) of the compensation of our named executive officers.

We are not aware of any other matters that will be brought before the shareholders for a vote at the annual meeting. If any other matter is appropriately brought before the meeting, your properly voted proxy card or voting instruction card gives authority to your proxies to vote on such matter in their best judgment. In such event, the proxy holders named in the proxy card will vote as the Board recommends or, if the Board gives no recommendation, in their own discretion.

In addition, management will report on the performance of the Company and will respond to appropriate questions from shareholders. The Company expects that representatives of KPMG will be present at the annual meeting and will be available to respond to appropriate questions. Such representatives will also have an opportunity to make a statement.

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What are the Board's recommendations?

The Board recommends a vote:

Proposal 1 - FOR each director nominee listed in this proxy statement.

Proposal 2 - FOR the ratification of KPMG's appointment as the Company's independent registered public accounting firm for 2015.

Proposal 3 - FOR the advisory approval of the compensation of our named executive officers.

Who is entitled to vote?

Only record holders of Voting Stock at the close of business on March 30, 2015 (the "record date") are entitled to receive notice of the annual meeting and to vote the shares of Voting Stock that they held on the record date. Each outstanding share of Voting Stock is entitled to one vote on each matter to be voted upon at the annual meeting.

What counts as Voting Stock?

The Company's common stock and Series B Preferred Stock vote together as a single class and constitute the voting stock of the Company. The Company's 6.5% Series J Cumulative Redeemable Preferred Stock and 6.25% Series K Cumulative Redeemable Preferred Stock (collectively, the "Non-Voting Preferred Stock") do not entitle their holders to vote at the annual meeting. No other shares of the Company's capital stock other than the Voting Stock and the Non-Voting Preferred Stock are outstanding.

What is the Series B Preferred Stock?

The Series B Preferred Stock was first issued in late 1998 and is currently held by partners in TRG other than the Company. Only TRG partners can acquire shares of Series B Preferred Stock; for nominal consideration, TRG partners can acquire such number of shares of Series B Preferred Stock equal to the number of units of limited partnership in TRG ("TRG units") that they hold. If a TRG partner tenders its TRG units for common stock under the Company's Continuing Offer (described herein), it is required to tender an equal number of shares of Series B Preferred Stock. If a TRG partner exercises options to acquire TRG units and elects to hold TRG units, such partner may also acquire an equal number of shares of Series B Preferred Stock. As of the date hereof, Robert Taubman and William Taubman are the only TRG partners who are also employees. All other employees are not TRG partners and upon their exercise of options to acquire TRG units, the TRG units are automatically converted into shares of common stock under the Continuing Offer.

The Series B Preferred Stock entitles its holders to one vote per share on all matters submitted to the Company's shareholders and votes together with the common stock on all matters as a single class. In addition, the holders of Series B Preferred Stock (as a separate class) are entitled to nominate up to four individuals for election as directors. The number of individuals the holders of the Series B Preferred Stock may nominate in any given year is reduced by the number of directors nominated by such holders in prior years whose terms are not expiring. One current director whose term is expiring, William Taubman, and two current directors whose terms are not expiring, Robert Taubman and Lisa Payne, were nominated by the holders of the Series B Preferred Stock. The holders of Series B Preferred Stock are entitled to nominate one more individual for election as a director of the Company, but they have chosen not to do so with respect to this annual meeting.

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What constitutes a quorum?

The presence at the annual meeting, in person or by proxy, of the holders of a majority of the shares of Voting Stock outstanding on the record date will constitute a quorum for all purposes. As of the record date, 87,351,963 shares of Voting Stock were outstanding, consisting of 62,307,024 shares of common stock and 25,044,939 shares of Series B Preferred Stock. Proxies marked with abstentions or instructions to withhold votes, as well as broker non-votes (defined below), will be counted as present in determining whether or not there is a quorum.

What is the difference between holding shares as a shareholder of record and a beneficial owner?

**Shareholders of Record.** If your shares are registered directly in your name with the Company's transfer agent, Computershare, you are considered the shareholder of record with respect to those shares, and the applicable proxy materials are being sent directly to you by Broadridge Investor Communications Solutions on behalf of the Company. As the shareholder of record, you have the right to grant your voting proxy directly to the Company through a proxy card, through the Internet or by telephone, or to vote in person at the annual meeting.

**Beneficial Owners.** Many of the Company's shareholders hold their shares through a broker, bank or other nominee rather than directly in their own names. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares, and the applicable proxy materials are being forwarded to you by your broker, bank or nominee who is considered the shareholder of record with respect to those shares. As the beneficial owner, you have the right to direct your broker, bank or nominee on how to vote and are also invited to attend the annual meeting. Your broker, bank or nominee has enclosed voting instructions for you to use in directing the broker, bank or nominee on how to vote your shares. Since you are not the shareholder of record, you may not vote these shares in person at the annual meeting unless you obtain a proxy from your broker, bank or nominee and bring such proxy to the annual meeting.

Why did many shareholders receive a Notice in the mail regarding the Internet availability of proxy materials this year instead of a full set of proxy materials?

The Company has elected again to furnish proxy materials to you primarily through the Internet, which expedites the receipt of materials, lowers our expenses and conserves natural resources. If you received the Notice containing instructions on how to access this proxy statement and the 2014 annual report through the Internet, please do not mail in the Notice, as it is not intended to serve as a voting instrument.

How can I access the Company's proxy materials and other reports filed with the SEC?

The Company's website, [www.taubman.com](http://www.taubman.com), under the Investors - Financial Information - SEC Filings tab provides free access to the Company's reports with the U.S. Securities and Exchange Commission (the "SEC") as soon as reasonably practicable after the Company electronically files such reports with, or furnishes such reports to, the SEC, including proxy materials, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to these reports. Further, you can view these documents on a website maintained by the SEC at [www.sec.gov](http://www.sec.gov).

As noted above, most shareholders will receive a Notice with instructions on how to view the proxy materials through the Internet (at [www.proxyvote.com](http://www.proxyvote.com)). The Notice includes a control number that must be entered on the Internet in order to view the proxy materials. The Notice also describes how to receive the proxy materials by paper delivery or e-mail. You can elect to receive future proxy materials by e-mail at no charge by voting using the Internet and, when prompted, indicating you agree to receive or access shareholder communications electronically in future years. If you would like additional paper copies without charge, please send a written request to the Company's executive offices: Taubman Centers Investor Services, 200 East Long Lake Road, Suite 300, Bloomfield Hills, Michigan 48304-2324. The references to the website addresses of the Company and the SEC in this proxy statement are not intended to function as hyperlinks and, except as specified herein, the information contained on such websites is not part of this proxy statement.

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May I vote my shares in person at the annual meeting?

Even if you plan to be present at the meeting, the Company encourages you to vote your shares prior to the meeting. Shareholders of Record. If you are a shareholder of record and attend the annual meeting, you may deliver your completed proxy card or vote by ballot.

Beneficial Owners. If you hold your shares through a broker, bank or other nominee and want to vote such shares in person at the annual meeting, you must obtain a proxy from your broker, bank or other nominee giving you the power to vote such shares and bring such proxy to the annual meeting.

Can I vote my shares without attending the annual meeting?

By Mail. If you received your annual meeting materials by paper delivery, you may vote by completing, signing and returning the enclosed proxy card or voting instruction card. Please do not mail in the Notice, as it is not intended to serve as a voting instrument.

By Telephone. If you received your annual meeting materials by paper delivery, you may vote by telephone as indicated on your enclosed proxy card or voting instruction card.

Through the Internet. You may vote through the Internet as instructed on your Notice, proxy card, voting instruction card, or e-mail notification. In order to vote through the Internet, you must enter the control number that was provided on your Notice, proxy card, voting instruction card, or e-mail notification. If you do not have any of these materials and are a shareholder of record, you may contact Taubman Centers Investor Services (248-258-7367) to request a proxy card (which will include your control number) to be mailed to your address on record or an e-mail with your control number to be sent to your e-mail address on record. If you do not have any of these materials and are a beneficial owner, you must contact your broker, bank or other nominee to obtain your control number.

Can I change my vote?

Shareholders of Record. You may change your voting instructions at any time prior to the vote at the annual meeting. You may enter a new vote by mailing a new proxy card bearing a later date, through the Internet, by telephone, or by attending the annual meeting in person. Your attendance at the annual meeting in person will not cause your previously granted proxy to be revoked unless you specifically so request and file the proper documentation with the Secretary of the Company. You may also revoke your proxy at any time by delivering a later-dated written revocation to the Secretary of the Company.

Beneficial Owners. If you hold your shares through a broker, bank or other nominee, you should contact such person prior to the time such voting instructions are exercised.

What if I beneficially own shares through the Company's 401(k) Plan?

Your proxy will serve to instruct the trustee of the 401(k) Plan how to vote your shares. If no direction is given to the trustee, the trustee will vote your shares held in the plan in the same proportion as votes received from other participants in the plan. To allow sufficient time for the trustee to vote your shares, your proxy must be received by 11:59 p.m., Eastern time, on May 26, 2015. If you would like to revoke or change your voting instructions, you must do so by such time and date.

What does it mean if I receive more than one Notice, proxy card or voting instruction card?

If you receive more than one Notice, proxy card or voting instruction card, it means that you have multiple accounts with banks, brokers, other nominees and/or the Company's transfer agent. Please take action with respect to each Notice, proxy card and voting instruction card that you receive. The Company recommends that you contact such persons to consolidate as many accounts as possible under the same name and address.

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What if I do not vote for some of the proposals?

Shareholders of Record. Proxies that are properly executed without voting instructions on certain matters will be voted in accordance with the recommendations of the Board on such matters. With respect to any matter not set forth on the proxy that properly comes before the annual meeting, the proxy holders named therein will vote as the Board recommends or, if the Board gives no recommendation, in their own discretion.

Beneficial Owners. If you hold your shares in street name through a broker, bank or other nominee and do not provide voting instructions for any or all matters, such nominee will determine if it has the discretionary authority to vote your shares. Under applicable law and New York Stock Exchange ("NYSE") rules and regulations, brokers have the discretion to vote on routine matters, such as the ratification of the appointment of the Company's independent registered public accounting firm, but do not have discretion to vote on non-routine matters. For all matters at the annual meeting, other than the ratification of the appointment of KPMG, the Company believes that your bank, broker or nominee will be unable to vote on your behalf if you do not provide instructions on how to vote your shares. If you do not provide voting instructions, your shares will be considered "broker non-votes" with regard to the non-routine proposals because the broker will not have discretionary authority to vote thereon. Therefore, it is very important for you to vote your shares for each proposal.

What vote is required to approve each item?

Proposal 1 - Election of Directors. The three nominees who receive the most votes cast at the annual meeting will be elected as directors. The slate of nominees discussed in this proxy statement consists of three directors, Graham T. Allison, Peter Karmanos, Jr. and William Taubman, whose terms are expiring. Withheld votes and broker non-votes will have no effect on the outcome of the vote.

Proposal 2 - Ratification of Appointment of Independent Registered Public Accounting Firm. The affirmative vote of two-thirds of the shares of Voting Stock outstanding on the record date will be necessary to ratify the Audit Committee's appointment of KPMG as the Company's independent registered public accounting firm for the year ending December 31, 2015. Abstentions will have the same effect as votes against the matter.

Proposal 3 - Advisory Approval of the Compensation of Our Named Executive Officers. The affirmative vote of two-thirds of the shares of Voting Stock outstanding on the record date will be necessary to approve (on an advisory basis) the compensation of our named executive officers (NEOs). Abstentions and broker non-votes will have the same effect as votes against the matter.

Other Matters. If any other matter is properly submitted to the shareholders at the annual meeting, its adoption generally will require the affirmative vote of two-thirds of the shares of Voting Stock outstanding on the record date. However, by a vote of the shares present, even if less than a quorum, the meeting may be adjourned to another place and time for a period not exceeding 30 days in any one case. The Board does not propose to conduct any business at the annual meeting other than as stated above.

Although the advisory votes in Proposals 2 and 3 are not binding on the Company, the Board and/or respective committee will take your vote into consideration in determining future activities.

Is a registered list of shareholders available?

The names of shareholders of record entitled to vote at the annual meeting will be available to shareholders entitled to vote at the meeting on Friday, May 29, 2015 at The Townsend Hotel for any purpose reasonably relevant to the meeting.

How do I find out the voting results?

The Company intends to announce preliminary voting results at the annual meeting and intends to disclose the final voting results in a current report on Form 8-K within four business days of the annual meeting.

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## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

## Ownership Table

The following table sets forth information regarding the beneficial ownership of the Company's equity securities as of March 30, 2015 by each director and NEO and all of the directors and executive officers as a group. The following table also sets forth information regarding the beneficial ownership of the Company's Voting Stock by beneficial owners of more than 5% of either class of the Company's Voting Stock. Each share of common stock and Series B Preferred Stock is entitled to one vote on each matter to be voted upon at the annual meeting. The share information set forth in the table below (both numbers of shares and percentages) reflects ownership of common stock and Series B Preferred Stock in aggregate. The notes to the table include information regarding Series B Preferred Stock holdings of Robert Taubman, William Taubman, Gayle Taubman Kalisman, A. Alfred Taubman and Taubman Ventures Group LLC. The notes also include the percentage ownership of the shares of common stock and/or Series B Preferred Stock on a separate basis to the extent the holder's ownership of such class represents greater than 1% of the outstanding shares. Unless otherwise indicated and subject to applicable community property laws, each owner has sole voting and investment power with respect to the shares listed below.

Directors, Executive Officers and More Than 5% Shareholders(1)	Number of Shares Owned Directly or Indirectly	Number of Shares Which Can Be Acquired Within 60 Days of Record Date		Number of Shares Beneficially Owned	Percent of Shares
		Upon Exercise of Options Exercisable Within 60 Days	Held in Deferral Plans(2)		
Robert S. Taubman	24,931,955	307,416	871,262	26,110,633 (3)(8)	29.5 %
Lisa A. Payne	57,311	—	—	57,311 (4)	*
William S. Taubman	24,772,145	170,731	—	24,942,876 (5)(8)	28.5 %
René Tremblay	3,015	—	—	3,015	*
David S. Joseph II	3,668	—	—	3,668	*
Graham T. Allison	3,270	—	25,854	29,124	*
Jerome A. Chazen	60,000	—	29,369	89,369	*
Craig M. Hatkoff	6,948	—	—	6,948	*
Peter Karmanos, Jr.	50,000	—	25,859	75,859	*
William U. Parfet	14,750	—	22,912	37,662	*
Ronald W. Tysoe	—	—	13,309	13,309	*
A. Alfred Taubman 200 E. Long Lake Road, Suite 180 Bloomfield Hills, MI 48304	22,913,305	—	—	22,913,305 (6)(8)	26.2 %
Gayle Taubman Kalisman 200 E. Long Lake Road, Suite 180 Bloomfield Hills, MI 48304	22,521,095	—	—	22,521,095 (7)(8)	25.8 %
Taubman Ventures Group LLC 200 E. Long Lake Road, Suite 180 Bloomfield Hills, MI 48304	22,498,279	—	—	22,498,279 (8)	25.8 %
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	8,127,271	—	—	8,127,271 (9)	9.3 %
BlackRock, Inc. 55 East 52nd Street New York, NY 10022	6,075,853	—	—	6,075,853 (10)	7.0 %
Cohen & Steers, Inc.	5,922,606	—	—	5,922,606 (11)	6.8 %

280 Park Avenue, 10th Floor  
 New York, NY 10017

Vanguard Specialized Funds-Vanguard REIT Index Fund	4,700,121	—	—	4,700,121	(12)	5.4	%
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100 Vanguard Blvd.  
 Malvern, PA 19355

Directors and Executive Officers as a Group (13 persons)	25,536,742	478,147	988,565	27,003,454	(13)	30.4	%
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\*less than 1%

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The Company has relied upon information supplied by certain beneficial owners and upon information contained in filings with the SEC. Except as set forth in note 3 regarding TRG units subject to issuance under the option deferral agreement, the share figures assume that all TRG units issued upon the exercise of options (“options”) granted under the 1992 Option Plan or the 2008 Omnibus Plan will be immediately exchanged for an equal number of shares of common stock in accordance with the Company's exchange offer (the “Continuing Offer”) to holders of options and certain partners in TRG. Share figures shown also assume that outstanding TRG units are not

(1) exchanged for common stock under the Continuing Offer (to avoid duplication, as a corresponding number of shares of Series B Preferred Stock are owned by each holder of TRG units) and that outstanding shares of Series B Preferred Stock are not converted into common stock (which is permitted, under specified circumstances, at the ratio of one share of common stock for each 14,000 shares of Series B Preferred Stock, with any resulting fractional shares redeemed for cash). As of March 30, 2015, there were 87,351,963 beneficially owned shares of Voting Stock outstanding, consisting of 62,307,024 shares of common stock and 25,044,939 shares of Series B Preferred Stock.

(2) See note 3 below for a description of Robert Taubman's option deferral agreement.

Under the Taubman Centers, Inc. Non-Employee Directors' Deferred Compensation Plan, the restricted share units granted are fully vested at the time of grant but do not have voting rights. The deferral period continues until the earlier of the termination of director service or a change of control.

Consists of (A) 21,385 shares of Series B Preferred Stock that Robert Taubman owns, 1,338,496 shares of Series B Preferred Stock owned by R & W-TRG LLC (“R&W”), a company owned by Robert Taubman and his brother, William Taubman (shared voting and dispositive power), 22,311,442 shares of Series B Preferred Stock owned by Taubman Ventures Group LLC (“TVG”) (shared voting and dispositive power), 1,431 shares of Series B Preferred Stock owned by Ridge Road Properties LLC (“Ridge Road”) (shared voting and dispositive power) and 871,262 shares of Series B Preferred Stock subject to issuance under an option deferral agreement (See

(3) “Nonqualified Deferred Compensation in 2014” for a description of such agreement) (in the aggregate, 94.7%% of the Series B Preferred Stock) and (B) 111,065 shares of common stock that Robert Taubman owns, 307,416 shares of common stock that Robert Taubman has the right to receive upon the exercise and conversion of options that have vested or will vest within 60 days of the record date, 224,000 shares of common stock owned by his wife, 25,795 shares of common stock owned in UTMA accounts for the benefit of his children, 711,504 shares of common stock owned by R&W (shared voting and dispositive power) and 186,837 shares of common stock owned by TVG (shared voting and dispositive power) (in the aggregate, 2.5% of the common stock).

To avoid duplication, excludes 21,385 TRG units that Robert Taubman owns, 1,338,496 TRG units owned by R&W, the TRG units owned by TVG and Ridge Road, and 871,262 TRG units subject to issuance under the option deferral agreement. Also excludes all shares and TRG units owned by TG Partners, LLC (“TG Partners”) because, although he has an ownership interest in such entity, Robert Taubman has no voting or dispositive control over such entity's assets. Robert Taubman disclaims any beneficial interest in the Voting Stock and TRG units owned by R&W, TVG, TG Partners and Ridge Road beyond his pecuniary interest in such entities. See notes 6 and 8.

R&W has pledged 1,338,496 shares of Series B Preferred Stock, 1,338,496 TRG units, and 711,504 shares of common stock, to Citibank, N.A. as collateral for various loans.

(4) 36,095 shares of common stock owned are pledged as security for a credit facility with Bank of America, N.A. As of March 30, 2015, there was no balance outstanding on the related loan.

Lisa Payne is party to a 10b5-1 trading plan entered into on March 5, 2015. The plan provides for monthly sales of 1,250 shares of common stock, beginning March 2015, if the specified minimum trading price is satisfied. Shares that are not sold in a particular month will be available for sale in subsequent months under the plan. As of March 30, 2015, a maximum of 13,750 shares remain available for sale under the plan, which is set to expire on February 29, 2016.

(5) Consists of (A) 21,385 shares of Series B Preferred Stock that William Taubman owns, 1,338,496 shares of Series B Preferred Stock owned by R&W (shared voting and dispositive power), 22,311,442 shares of Series B Preferred Stock owned by TVG (shared voting and dispositive power) and 1,431 shares of Series B Preferred Stock owned by Ridge Road (shared voting and dispositive power) (in the aggregate, 94.5% of the Series B Preferred



Stock), and (B) 153,763 shares of common stock that William Taubman owns, 170,731 shares of common stock that William Taubman has the right to receive upon the exercise and conversion of options that have vested or will vest within 60 days of the record date, 47,287 shares of common stock owned in UTMA accounts for the benefit of his children, 711,504 shares of common stock owned by R&W (shared voting and dispositive power) and 186,837 shares of common stock owned by TVG (shared voting and dispositive power) (in the aggregate, 2.0% of the common stock).

To avoid duplication, excludes 21,385 TRG units that William Taubman owns, 1,338,496 TRG units owned by R&W, and the TRG units owned by TVG and Ridge Road. Also excludes all shares and TRG units owned by TG Partners because, although he has an ownership interest in such entity, William Taubman has no voting or dispositive control over such entity's assets. William Taubman disclaims any beneficial interest in the Voting Stock and TRG units owned by R&W, TVG, TG Partners and Ridge Road beyond his pecuniary interest in such entities. See notes 6 and 8. R&W has pledged 1,338,496 shares of Series B Preferred Stock, 1,338,496 TRG units, and 711,504 shares of common stock, to Citibank, N.A. as collateral for various loans.

Includes 100 shares of common stock owned by A. Alfred Taubman's revocable trust and 186,837 shares of common stock owned by TVG (shared voting and dispositive power). Also includes 408,495 shares of Series B Preferred Stock owned by A. Alfred Taubman's revocable trust, 22,311,442 shares of Series B Preferred Stock owned by TVG (shared voting and dispositive power), 5,000 shares of Series B Preferred Stock owned by TG Partners and 1,431 shares of Series B Preferred Stock owned by Ridge Road (shared voting and dispositive power) (in the aggregate, 90.7% of the Series B Preferred Stock). To avoid duplication, excludes TRG units of the same amount as Series B Preferred Stock owned by such entities. A. Alfred Taubman, through control of the managing member of TG Partners (through A. Alfred Taubman's revocable trust), has sole authority to vote and (subject to certain limitations) dispose of the shares of Series B Preferred Stock owned by TG Partners, and therefore A. Alfred Taubman may be deemed to be the beneficial owner of all of the shares of Series B Preferred Stock owned by TG Partners. A. Alfred Taubman disclaims beneficial ownership in the Voting Stock and TRG units owned by TVG, TG Partners and Ridge Road beyond his pecuniary interest in those entities.

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Consists of 21,385 shares of Series B Preferred Stock that Gayle Taubman Kalisman owns, 22,311,442 shares of Series B Preferred Stock owned by TVG (shared voting and dispositive power) and 1,431 shares of Series B (7) Preferred Stock owned by Ridge Road (shared voting and dispositive power) (in the aggregate, 89.2% of the Series B Preferred Stock) and 186,837 shares of common stock owned by TVG (shared voting and dispositive power).

To avoid duplication, excludes 21,385 TRG units that Gayle Taubman Kalisman owns and the TRG units owned by TVG and Ridge Road. Also excludes all shares and TRG units owned by TG Partners because, although she has an ownership interest in such entity, Gayle Taubman Kalisman has no voting or dispositive control over such entity's assets. Gayle Taubman Kalisman disclaims any beneficial interest in the Voting Stock and TRG units owned by TVG, TG Partners and Ridge Road beyond her pecuniary interest in such entities. See notes 6 and 8.

A. Alfred Taubman, Robert Taubman, William Taubman and Gayle Taubman Kalisman may be deemed to beneficially own 186,837 shares of common stock owned by TVG and 22,311,442 shares of Series B Preferred (8) Stock owned by TVG. To avoid duplication, excludes the TRG units owned by TVG. Each person disclaims beneficial ownership in the Voting Stock and TRG units owned by TVG beyond such person's pecuniary interest in TVG. TVG has pledged 7,000,000 shares of Series B Preferred Stock and 7,000,000 TRG units to Comerica Bank as collateral for a credit facility.

Pursuant to Schedule 13G/A filed with the SEC on March 11, 2015. Represents 13.0% of the common (9) stock. The Vanguard Group, Inc. has sole power to vote 121,097 shares, shared power to vote 41,200 shares, sole power to dispose 8,035,474 shares, and shared power to dispose 91,797 shares.

Pursuant to Schedule 13G/A filed with the SEC on January 15, 2015. Represents 9.8% of the common stock. This (10) report includes holdings of various subsidiaries of the holding company. BlackRock, Inc. has sole power to vote 5,882,751 shares and sole power to dispose 6,075,853 shares.

Pursuant to Schedule 13G/A filed with the SEC on February 17, 2015. Represents 9.5% of the common stock. (11) Cohen & Steers, Inc. (parent) has sole power to vote 3,126,815 shares and sole power to dispose 5,922,606 shares. Of such shares, Cohen & Steers Capital Management, Inc. has sole power to vote 3,126,815 shares and sole power to dispose 5,897,495 shares, and Cohen & Steers UK Limited has sole power to dispose 25,111 shares.

Pursuant to a Schedule 13G/A filed with the SEC on February 6, 2015. Represents 7.5% of the common stock. (12) Vanguard Specialized Funds-Vanguard REIT Index Fund has sole power to vote 4,700,121 shares.

Consists of an aggregate of (A) 1,842,603 shares of common stock beneficially owned and 478,147 shares of (13) common stock that such persons have the right to receive upon the exercise and conversion of options that have vested or will vest within 60 days of the record date, and 117,303 shares of common stock subject to issuance under the Non-Employee Directors' Deferred Compensation Plan (in the aggregate, 3.9% of the common stock), and (B) 23,694,139 shares of Series B Preferred Stock beneficially owned and 871,262 shares of Series B Preferred Stock subject to issuance under the option deferral agreement (see note 3 above) (in the aggregate, 94.8% of the Series B Preferred Stock).

See notes 3, 4, 5 and 8 for shares and units pledged as collateral. In addition, another officer has pledged 154,975 shares of common stock as security for a credit facility with Wells Fargo Bank, N.A. (as March 30, 2015, the balance outstanding on the related loan was \$2,338,854).

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## Ownership Limitation

Under the Company's Restated Articles of Incorporation (the "Articles"), in general, no shareholder may own more than 8.23% (the "General Ownership Limit") in value of the Company's "Capital Stock" (which term refers to the common stock, preferred stock and Excess Stock, as defined below). The Articles specifically permit two pension trusts to each own 9.9% in value of the Company's Capital Stock and a third pension trust to own 13.74% in value of the Company's Capital Stock (collectively, the "Existing Holder Limit"). In addition, the Board has the authority to allow a "look through entity" to own up to 9.9% in value of the Capital Stock (the "Look Through Entity Limit"), provided that after application of certain constructive ownership rules under the Internal Revenue Code of 1986, as amended (the "IRC"), and rules defining beneficial ownership under the Michigan Business Corporation Act, no person would constructively or beneficially own more than the General Ownership Limit. A look through entity is an entity (other than a qualified trust under Section 401(a) of the IRC, certain other tax-exempt entities described in the Articles, or an entity that owns 10% or more of the equity of any tenant from which the Company or TRG receives or accrues rent from real property) whose beneficial owners, rather than the entity, would be treated as owning the capital stock owned by such entity. Changes in the ownership limits cannot be made by the Board and would require an amendment to our Articles. Amendments to the Articles require the affirmative vote of holders owning not less than two-thirds of the outstanding Voting Stock.

The Articles provide that if the transfer of any shares of Capital Stock or a change in the Company's capital structure would cause any person (the "Purported Transferee") to own Capital Stock in excess of the General Ownership Limit, the Look Through Entity Limit, or the applicable Existing Holder Limit, then the transfer is to be treated as invalid from the outset, and the shares in excess of the applicable ownership limit automatically acquire the status of "Excess Stock." A Purported Transferee of Excess Stock acquires no rights to shares of Excess Stock. Rather, all rights associated with the ownership of those shares (with the exception of the right to be reimbursed for the original purchase price of those shares) immediately vest in one or more charitable organizations designated from time to time by the Board (each, a "Designated Charity"). An agent designated from time to time by the Board (each, a "Designated Agent") will act as attorney-in-fact for the Designated Charity to vote the shares of Excess Stock, take delivery of the certificates evidencing the shares that have become Excess Stock, and receive any distributions paid to the Purported Transferee with respect to those shares. The Designated Agent will sell the Excess Stock, and any increase in value of the Excess Stock between the date it became Excess Stock and the date of sale will inure to the benefit of the Designated Charity. A Purported Transferee must notify the Company of any transfer resulting in shares converting into Excess Stock, as well as such other information regarding such person's ownership of the capital stock as the Company requests.

Under the Articles, only the Designated Agent has the right to vote shares of Excess Stock; however, the Articles also provide that votes cast with respect to certain irreversible corporate actions (e.g., a merger or sale of the Company) will not be invalidated if erroneously voted by the Purported Transferee. The Articles also provide that a director is deemed to be a director for all purposes, notwithstanding a Purported Transferee's unauthorized exercise of voting rights with respect to shares of Excess Stock in connection with such director's election.

A. Alfred Taubman, Robert Taubman, William Taubman and Gayle Taubman Kalisman may be deemed to beneficially own 26.2%, 29.5%, 28.5% and 25.8% of the Voting Stock, respectively, as of the record date, and the combined Taubman family beneficial ownership (although not a "group" for purposes of beneficial ownership) includes 96.3% and 2.3% of the Series B Preferred Stock and common stock outstanding, respectively, as of the record date. The Series B Preferred Stock is convertible into shares of common stock at a ratio of 14,000 shares of Series B Preferred Stock to one share of common stock, and therefore one share of Series B Preferred Stock has a value of 1/14,000ths of the value of one share of common stock. Accordingly, the foregoing ownership of Voting Stock does not violate the ownership limitations set forth in the Articles.

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## PROPOSAL 1 - ELECTION OF DIRECTORS

The Board currently consists of nine members serving three-year staggered terms. Under the Company's Restated Articles of Incorporation, a majority of the Company's directors must not be officers or employees of the Company or its subsidiaries.

Three directors are to be elected at the annual meeting, each to serve until the 2018 annual meeting of shareholders or until such director's earlier resignation, retirement or other termination of service. The Board has re-nominated Graham Allison, Peter Karmanos, Jr. and William Taubman for new three-year terms. Each nominee has consented to be named in this proxy statement and agreed to continue to serve as a director if elected by the shareholders. If any of them should become unavailable, the Board may designate a substitute nominee. In that case, the proxy holders named as proxies in the accompanying proxy card will vote for the Board's substitute nominee. Alternatively, the Board may reduce the size of the Board or leave the position vacant. Additional information regarding the directors and director nominees of the Company is set forth below.

The Board recommends that the shareholders vote FOR each of the Company's three director nominees that stand for re-election.

## Directors

The directors and director nominees of the Company are as follows:

Name	Age	Title	Term Ending
Graham T. Allison	75	Director	2015
Peter Karmanos, Jr.	72	Director	2015
William S. Taubman	56	Chief Operating Officer and Director	2015
Jerome A. Chazen	88	Director	2016
Craig M. Hatkoff	61	Director	2016
Ronald W. Tysoe	62	Director	2016
Robert S. Taubman	61	Chairman of the Board, President and Chief Executive Officer	2017
Lisa A. Payne	56	Vice Chairman, Chief Financial Officer and Director	2017
William U. Parfet	68	Director	2017

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### Specific Qualifications, Attributes, Skills and Experience to be Represented on the Board

As set forth in the Company's Corporate Governance Guidelines, the Nominating and Corporate Governance Committee considers the experience, mix of skills and other qualities of the existing Board to ensure an appropriate Board composition. The Nominating and Corporate Governance Committee believes that directors must have demonstrated excellence in their chosen fields, high ethical standards and integrity, and sound business judgment. In addition, it seeks to ensure the Board includes members with diverse backgrounds, skills and experience, including appropriate financial and other expertise relevant to the Company's business, to enable the Board to fulfill its oversight responsibilities and act in the best interests of shareholders. In addition, the Nominating and Corporate Governance Committee believes that directors and nominees with the following qualities and experiences can assist in meeting this goal:

**Senior Leadership Experience.** Directors with experience in significant leadership positions provide the Company with experience and perspective in analyzing, shaping and overseeing the execution of operational, organizational and policy issues at a senior level. Further, they have a practical understanding of balancing operational needs and risk management. Through their service as top leaders at other organizations, they also have access to important sources of market intelligence, analysis and relationships that benefit the Company.

**Business Entrepreneurship and Transactional Experience.** Directors who have backgrounds in entrepreneurial businesses and growth transactions can provide insight into developing and implementing strategies for entering into new business segments, partnering in joint ventures, growing via mergers and acquisitions and technology innovation. Further, they have a practical understanding of the importance of "fit" with the Company's culture and strategy, the valuation of transactions and business opportunities, and management's plans for integration with existing operations. The Company's continuing efforts to expand in Asia and utilize technology have benefited from the Board's entrepreneurial and transactional experience.

**Financial and Accounting Experience.** An understanding of the financial markets, corporate finance, accounting requirements and regulations, and accounting and financial reporting processes allows directors to understand, oversee and advise management with respect to the Company's operating and strategic performance, capital structure, financing and investing activities, financial reporting, and internal control of such activities. The Company also seeks to have a number of directors who qualify as financial experts under SEC rules, and we expect all of our directors to be financially knowledgeable.

**Real Estate Experience.** An understanding of real estate issues, particularly with respect to regional mall shopping centers, department stores and other key tenants, real estate development and real estate investment companies generally, allows directors to bring critical industry-specific knowledge and experience to the Company. Education and experience in the real estate industry is useful in understanding the Company's development, leasing and management of shopping centers, acquisition and disposition of centers, the Company's strategic vision and the competitive landscape of the industry.

**Brand Marketing, Social Media and Technology Expertise.** The Company utilizes a retailing approach to the management and leasing of its centers, with a key focus on having a large, diverse selection of retail stores in each center and a constantly changing mix of tenants to address retail trends and new retail concepts. The Company also provides innovative initiatives to heighten the shopping experience and build customer loyalty, including through social media and technology programs. Directors who have brand marketing, social media and technology expertise, as well as knowledge of the fashion industry, can provide expertise and guidance as the Company seeks to maintain and expand brand and product awareness and a positive reputation.

**Public Company Board Experience.** Directors who serve or have served on other public company boards can offer advice and insights with regard to the dynamics and operation of a board of directors, the relations of a board to the CEO and other management personnel, the importance of particular agenda and oversight matters, and oversight of a changing mix of strategic, operational, and compliance-related matters.

**Global Expertise.** The Company is expanding its platform into China and South Korea, and therefore directors with global expertise can provide a useful business and cultural perspective regarding aspects of our business.



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### Director Background and Qualifications

The following biographies set forth the business experience during at least the past five years of each director nominee and each director whose term of office will continue after the annual meeting. In addition, the following includes, for each director, a brief discussion of the specific experiences, qualifications, attributes and skills that led to the conclusion that each director should serve on the Board at this time in light of the goals set forth above.

Graham T. Allison has served as a director of the Company since 1996, as well as one year of service from 1993 to 1994 prior to becoming the United States Assistant Secretary of Defense in the first Clinton administration. Mr. Allison is the Douglas Dillon Professor of Government and the Director of the Belfer Center for Science and International Affairs at Harvard University, serving in such capacities since 1995. He has been a leading analyst of U.S. national security and defense policy for over three decades. As “founding dean” of the Kennedy School of Harvard University, Mr. Allison built a major professional school of public policy and government from 1977 to 1989. Mr. Allison also served as a special advisor to the Secretary of Defense under President Reagan and numerous public committees and commissions related to national security and defense issues. He served as a director of Natixis Global Asset Management, the Loomis Sayles Funds and the Hansburger Funds from 1984 to 2012. He also previously served as a director of CDC Nvest Funds and IXIS Asset Advisors, as well as Belco Oil and Gas, Chase Manhattan Bank, Getty Oil Company, and USEC. He has served as a director of Joule Biotechnologies since 2009.

Mr. Allison has significant knowledge of the Company and its culture based on his 19 years of service as a director. Mr. Allison's extensive Board and Board committee experience across industries enables him to provide significant insight as to governance and compliance-related matters. Mr. Allison's extensive knowledge and experience in complex international affairs and government policy, and the resulting significant contacts he has established therefrom, has benefited the Company's development plans domestically and internationally. His career in academia and government policy also has provided a unique insight into strategic planning and risk management issues.

Peter Karmanos, Jr. has served as a director of the Company since 2000. Mr. Karmanos is the Chairman and co-founder of MadDog Technology, a company formed in 2014 that partners with companies to create digital enterprises. Mr. Karmanos previously founded Compuware Corporation, a global provider of software solutions and professional services headquartered in Detroit, Michigan. Mr. Karmanos served as a director of Compuware from its inception in 1973 to March 2013, as its Chairman from November 1978 to March 2013, as its Executive Chairman from June 2011 to March 2013, as its Chief Executive Officer from July 1987 to June 2011, and as its President from October 2003 to March 2008. Mr. Karmanos founded the Barbara Ann Karmanos Institute, is a co-owner of the Carolina Hurricanes and is the owner of the Florida Everblades. Mr. Karmanos has been a director of Worthington Industries, Inc. since 1997 (currently a member of its Executive Committee and Chair of its Nominating and Governance Committee).

Mr. Karmanos has significant knowledge of the Company and its culture based on his 15 years of service as a director. Mr. Karmanos has significant expertise and experience in public company management, entrepreneurial leadership, brand marketing, strategic planning, international business and informational technology resulting from his development and leadership of Compuware for over 40 years, from start-up to member of the S&P 500, and MadDog Technology. Mr. Karmanos' unique perspective enables him to bridge the gap between Chairman and CEO and the independent directors of a public company. He also has in-depth entrepreneurial and strategic planning experience from his leadership of numerous civic and charitable organizations, many of which are focused on finance, technology and business matters. Mr. Karmanos also has extensive Board and Board committee experience at other public companies, including through his long-standing service as a director of Worthington Industries and Compuware (as Executive Chairman), which enables him to provide significant insight as to governance and compliance-related matters.

William S. Taubman is the Chief Operating Officer of the Company, appointed in 2005, and served as Executive Vice President of the Company from 1994 to 2005. Mr. Taubman is also the Executive Vice President of the Manager, a position he has held since 1994. Mr. Taubman has also been a director of the Company since 2000. His responsibilities include the overall management of the development, leasing, and center operations functions. He held various other positions with the Manager prior to 1994. Mr. Taubman also serves as a member of the Board and the Executive Committee of the International Council of Shopping Centers and was a past Chairman of the Board, and is

a member of the Urban Land Institute and the National Association of Real Estate Investment Trusts. He is also Chairman of New Detroit, an International Advisory Board Member for the Real Estate Academic Initiative - Harvard, a Leadership Advisory Board Member for the A. Alfred Taubman Medical Research Institute, and serves on the Board of Trustees for the Museum of Arts & Design in New York. Mr. Taubman is the brother of Robert Taubman.



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Mr. Taubman has led the Company as a principal executive officer for 21 years and as a director for 15 years. Mr. Taubman has a unique perspective and understanding of the Company's business, culture and history, having led the Company through many economic cycles, internal and external growth and curtailment, global expansion and other key operational and strategic initiatives. His day-to-day leadership of the Company gives him critical insights into the Company's operations, strategy and competition, and allows him to facilitate the Board's ability to perform its critical oversight function. Through his work at the Company and his leadership roles in numerous real estate and shopping center industry associations in Michigan and nationally, he possesses an in-depth knowledge of the REIT and regional mall industries on a global basis, and has significant relationships with key developers, potential and current joint venture partners, and tenants. He also served as a financial analyst specializing in mergers and acquisitions before joining the Company.

Jerome A. Chazen has served as a director of the Company since its initial offering in 1992. Mr. Chazen has been the Chairman of Chazen Capital Partners, a private investment company, since 1996. Mr. Chazen is also the Chairman Emeritus of Fifth & Pacific Companies Inc. (f/k/a Liz Claiborne, Inc.), a company he founded with three other partners in 1976. Mr. Chazen is also the founder of the Jerome A. Chazen Institute of International Business, the focal point of all international programs at Columbia University Business School. Mr. Chazen served as a director of Atrinsic, Inc. (f/k/a New Motion, Inc.) from 2005 to 2013. He also serves as a board member, executive or trustee for numerous educational and charitable organizations.

Mr. Chazen has significant knowledge of the Company and its culture based on his 23 years of service as a director. Mr. Chazen has in-depth knowledge and expertise in retail shopping, brand marketing, senior leadership, strategic planning, and international business through his development and leadership of Fifth & Pacific Companies Inc. (f/k/a Liz Claiborne, Inc.), which enables him to provide a unique insight to the Company's tenants, centers and international expansion. Mr. Chazen also has significant expertise in entrepreneurship, finance and accounting, executive management, acquisitions and dispositions, and strategic planning through his leadership of Fifth & Pacific Companies Inc. (f/k/a Liz Claiborne, Inc.) and more recently through his private investment entity and numerous charitable organizations. Mr. Chazen also has Board and Board committee experience at other public companies, which enables him to provide significant insight as to governance and compliance-related matters.

Craig M. Hatkoff has served as a director of the Company since 2004. Mr. Hatkoff served as Vice Chairman of Capital Trust, Inc., a real estate investment management company that was listed on the New York Stock Exchange and one of the largest dedicated real estate mezzanine lenders, from 1997 to 2000, and served on the Board of Directors from 1997 to 2010. From 2002 to 2005, Mr. Hatkoff was a trustee of the New York City School Construction Authority, the agency responsible for the construction of all public schools in New York City. Mr. Hatkoff was a founder and a managing partner of Victor Capital Group, L.P., from 1989 until its acquisition in 1997 by Capital Trust, Inc. Previously, he spent 11 years at Chemical Bank, including as co-head of the real estate investment banking unit, where he was a pioneer in commercial mortgage securitization. Mr. Hatkoff is a co-founder of the Tribeca Film Festival. Mr. Hatkoff is also Chairman of Turtle Pond Publications LLC, which is active in children's publishing and entertainment and is a private investor in other entrepreneurial ventures. Mr. Hatkoff has been a director of SL Green Realty Corp since January 2011.

Mr. Hatkoff has in-depth expertise and knowledge of real estate, capital markets, finance, private investing, entrepreneurship and executive management through his work with Chemical Bank, Victor Capital Group and Capital Trust. As a result of the foregoing, Mr. Hatkoff provides a unique insight into the financial markets generally, valuation analysis, strategic planning, and unique financing structures and alternatives. He also possesses entrepreneurial, brand marketing, social media, technology and innovation, and senior leadership experience through his private investments and service on the Boards of numerous educational and charitable organizations. Mr. Hatkoff also has extensive Board and Board committee experience at other public companies, including his current service at SL Green Realty and his long-standing service to Capital Trust, which enables him to provide significant insight as to governance and compliance-related matters particular to real estate companies.

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Ronald W. Tysoe has served as a director of the Company since 2007. Mr. Tysoe was a Senior Advisor at Perella Weinberg Partners LP, a boutique investment banking firm in New York from October 2006 through September 2007. Prior to that he was Vice Chairman, Finance and Real Estate, of Federated Department Stores, Inc. (now Macy's, Inc.), a position he held since April 1990. Mr. Tysoe served as Chief Financial Officer of Federated from 1990 to 1997 and served on the Federated Board of Directors from 1988 until 2005. Mr. Tysoe is currently a member of the Board of Directors of the following companies and currently serves on the following Board committees: Scripps Networks Interactive, Inc. (spun off from E.W. Scripps Company), a media and broadcasting enterprise, since July 2008 (Chairman of the Audit Committee and a member of the Compensation Committee); Canadian Imperial Bank of Commerce, since February 2004 (member of the Risk Management and Corporate Governance Committees); Cintas Corporation, since December 2007 (Chairman of the Audit Committee and a member of the Nominating and Corporate Governance Committee); and J. C. Penney Company, Inc., since August 2013 (member of the Committee of the Whole, the Finance and Planning Committee and the Human Resources and Compensation Committee). He also served as a director of Pzena Investment Management, Inc. from December 2008 to August 2013 (served on the Audit, Compensation and Corporate Governance Committees), and Retail Investment Opportunities Corp (f/k/a NRDC Acquisition Corp., a special purpose acquisition corporation listed on the Amex exchange) from October 2007 to December 2009 (served on the Audit and Compensation Committees).

Mr. Tysoe's long-standing service as a senior executive and a director of a company in the retail industry has provided him with extensive knowledge and experience in transactional, brand marketing, strategic planning, governance and international business matters. Such experience enables Mr. Tysoe to provide unique insight into tenant and development matters and the retail industry generally. In addition, he possesses an in-depth knowledge of accounting and finance from his executive and director positions, which included serving as a chief financial officer. Mr. Tysoe has extensive Board and Board committee experience at other public companies across many industries, including through his current service to four other public companies, which enables him to provide significant insight as to governance and compliance-related matters and in particular accounting and finance matters. As a result of the foregoing expertise and experience, Mr. Tysoe qualifies as a financial expert under SEC rules.

Robert S. Taubman is the Chairman of the Board, and President and Chief Executive Officer of the Company and the Manager. Mr. Taubman has been Chairman since December 2001 and President and CEO since 1990. Mr. Taubman has been a director of the Company since 1992. Mr. Taubman has been a director of Comerica Bank and related predecessor boards since 1987 (currently, a member of the Enterprise Risk Committee) and of Sotheby's Holdings, Inc., the international art auction house, since 2000 (currently, Chairman of the Compensation Committee and a member of the Finance and Executive Committees). He is also the Chairman (three-year term beginning July 2012) and a director of the Real Estate Roundtable, a member and former Trustee of the Urban Land Institute, a member of the Executive Board of the National Association of Real Estate Investment Trusts, and a former trustee of the International Council of Shopping Centers. Further, he serves on the University of Michigan Investment Advisory Committee and is involved in a number of community and philanthropic organizations. Mr. Taubman is the brother of William Taubman.

Mr. Taubman has led the Company as a principal executive officer for 31 years, as a director for 23 years and as Chairman for 14 years. Mr. Taubman is a recognized leader in the REIT and regional mall industries. Mr. Taubman has a unique perspective and understanding of the Company's business, culture and history, having led the Company through many economic cycles, internal and external growth and curtailment, global expansion and other key operational and strategic initiatives. His day-to-day leadership of the Company gives him critical insights into the Company's operations, strategy and competition, and allows him to facilitate the Board's ability to perform its critical oversight function. Through his work at the Company and his leadership roles in numerous real estate and shopping center industry associations in Michigan and nationally, he possesses an in-depth knowledge of the REIT and regional mall industries on a global basis, and has significant relationships with key developers, potential and current joint venture partners, and tenants. Mr. Taubman's extensive Board and Board committee experience at other public companies, including through his current and long-standing service as a director of Comerica Bank and Sotheby's Holdings, also provides him significant insight as to governance and compliance-related matters of public companies.



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Lisa A. Payne is the Chief Financial Officer and Vice Chairman of the Company, appointed in 2005, and previously served as the Executive Vice President and the Chief Financial and Administrative Officer of the Company from 1997 to 2005. Ms. Payne has been a director of the Company since 1997. Prior to joining the Company in 1997, Ms. Payne was a vice president in the real estate department of Goldman, Sachs & Co., where she held various positions between 1986 and 1996. Ms. Payne has served as a director of Masco Corporation since 2007 (currently, a member of the Audit Committee and the Organization and Compensation Committee) and Rockwell Automation, Inc. since 2015 (currently, a member of the Audit Committee). Ms. Payne previously served as a trustee of Munder Series Trust and Munder Series Trust II, open-end management investment companies, from 2005 to 2014 (until such time the managed funds were sold to Victory Capital Holdings, Inc.).

Ms. Payne has led the Company as a principal executive officer and director for 18 years. Ms. Payne also has a unique perspective and understanding of the Company's business, culture and history, having led the Company through many economic cycles, internal and external growth and curtailment, global expansion and other key operational and strategic initiatives. Her day-to-day leadership of the Company gives her critical insights into the Company's operations, strategy and competition, and allows her to facilitate the Board's ability to perform its critical oversight function. Through her work at the Company and in the investment banking community, she possesses an in-depth knowledge of the REIT and regional mall industries on a global basis, including with respect to the financial markets and corporate finance, and has significant expertise in financial and accounting matters. Ms. Payne also has significant relationships with key financing sources. Ms. Payne's Board and Board committee experience also provides her with significant insight as to governance and compliance-related matters of public companies.

William U. Parfet has served as a director of the Company since 2005. Mr. Parfet is currently Chairman and Chief Executive Officer of MPI Research, a Michigan-based, privately-held pre-clinical toxicology research laboratory. He joined MPI Research in November 1995 as co-Chairman and has served as Chairman and Chief Executive Officer since 1999. From 1993 to 1996, he served as president and chief executive officer of Richard-Allan Medical Industries (now Thermo Fisher Scientific Inc.), a worldwide manufacturer of surgical and laboratory products. Prior to that, from 1973 to 2003, he served in a variety of positions at The Upjohn Company, a pharmaceutical company, most recently as Vice Chairman of the Board. Previously, Mr. Parfet also served as Trustee for the Financial Accounting Foundation, which oversees the Financial Accounting Standards Board (FASB), as a member of the Emerging Issues Task Force (EITF), and as National Chairman of the Financial Executives Institute. Mr. Parfet has served on the boards of Monsanto Company since June 2000 (currently Chairman of the Audit and Finance Committee and a member of the Executive and the People and Compensation Committees) and Stryker Corporation since 1993 (currently Chairman of the Compensation Committee and a member of the Governance and Nominating Committee, and the Lead Independent Director of its Board).

Mr. Parfet's long-standing service as an executive and director of multinational companies has provided him with extensive knowledge and experience in executive management, transactional, brand marketing, strategic planning and international business matters. In addition, he possesses an in-depth knowledge of accounting, finance and capital markets resulting from his executive and director positions, which included serving as a chief financial officer, controller and treasurer of a multinational corporation, as well as his numerous leadership positions with national financial and accounting industry groups. Mr. Parfet also has extensive Board and Board committee experience at other public companies, including through his current and long-standing service as a director of Monsanto Company and Stryker Corporation. Such Board experience, including his role as Lead Independent Director at Stryker, enables Mr. Parfet to provide significant insight as to governance and compliance-related matters and in particular accounting and finance matters. As a result of the foregoing expertise and experience, Mr. Parfet qualifies as a financial expert under SEC rules.

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Director Independence

The NYSE listing standards set forth objective requirements for a director to satisfy, at a minimum, in order to be determined to be independent by the Board. In addition, in order to conclude a director is independent in accordance with the NYSE listing standards, the Board must also consider all relevant facts and circumstances, including the director's commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, and such other criteria as the Board may determine from time to time. The Board has adopted additional categorical standards regarding relationships that the Board does not consider material for purposes of determining a director's independence. The Company's Corporate Governance Guidelines set forth the NYSE objective requirements and the Company's additional categorical standards for Board independence, as well as additional independence standards for members of the Audit Committee and the Compensation Committee established by the SEC and the NYSE.

The Board has determined, after considering all of the relevant facts and circumstances, including written information provided by each director, that Messrs. Allison, Chazen, Hatkoff, Karmanos, Parfet and Tysoe are "independent" from management in accordance with the NYSE listing standards and the Company's Corporate Governance Guidelines. In particular, the Board considered that Mr. Parfet re-joined the Board for the College for Creative Studies in Detroit Michigan in December 2014, following his retirement from such Board in March 2013. The Company, A. Alfred Taubman, the A. Alfred Taubman Foundation and Robert Taubman and his wife contributed \$21,000 in aggregate to the College for Creative Studies in 2014, and A. Alfred Taubman previously made a \$15 million testamentary pledge. The Board determined these donations and pledge did not impair independence because (A) A. Alfred Taubman has been a member of the Board for the College for Creative Studies since October 1987 and serves as chairman of the building committee, and (B) Mr. Parfet did not solicit any of such donations or pledge.

The Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee are composed entirely of independent directors. In addition, after considering all of the relevant facts and circumstances, the Board has determined that each member of the Audit Committee and the Compensation Committee qualifies as independent in accordance with the additional independence rules established by the SEC and the NYSE.

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BOARD MATTERS

The Board of Directors

General

The Board has general oversight responsibility for the Company's affairs and the directors, in exercising their fiduciary duties, represent and act on behalf of the shareholders. Although the Board does not have responsibility for the Company's day-to-day management, it stays regularly informed about the Company's business and provides guidance to management through periodic meetings and other informal communications. The Board provides critical oversight in, among other things, the Company's strategic and financial planning process, leadership development and succession planning, risk management, as well as other functions carried out through the Board committees as described below. The Board also performs an annual performance review of the Board and individual directors.

Board Leadership

Our Board is led by Robert Taubman, the Company's Chairman, President and Chief Executive Officer. The Board believes this structure permits a unified strategic vision for the Company that ensures appropriate alignment between the Board and management and provides clear leadership for the Company. The Board does not utilize a lead independent director. Although the Board recognizes the increasing utilization of non-executive chairmen and lead directors in many public companies, the Board believes its current leadership structure is most appropriate for the Company and best serves the shareholders of the Company at the current time, as it has since Robert Taubman became Chairman in 2001. There is no "one size fits all" approach to ensuring independent leadership. The Board believes that its independent directors, who represent two-thirds of the Board, are deeply engaged and provide significant independent leadership and direction given their executive and Board experience noted above. See "Proposal 1-Election of Directors-Director Background and Qualifications." The independent directors are the sole members of the Audit, Nominating and Corporate Governance, and Compensation Committees, which collectively oversee critical matters of the Company such as the integrity of the Company's financial statements, the compensation of executive management, the selection and evaluation of directors, and the development and implementation of the Company's corporate governance policies and structures. The independent directors also meet regularly in executive session at Board and committee meetings and have access to independent advisors as they deem appropriate. Management supports this oversight role through its tone-at-the-top and open communication.

Board Oversight of Risk Management

The Board oversees the Company's risk management primarily through the following:

- the Board's review and approval of management's annual business plan, including the projected opportunities and challenges facing the business, and review of management's long-term liquidity and strategic plans;
- the Board's review, on at least a quarterly basis, of business developments, strategic plans and implementation, liquidity and financial results;
- the Board's oversight of the implementation of an enterprise risk management framework, including its review of specific material risks and risk mitigants and participation in presentations by key employees that manage key operations, internal leadership teams and strategic initiatives;
- the Board's oversight of succession planning;
- the Board's oversight of capital spending and financings, as well as mergers, acquisitions and divestitures;
- the Audit Committee's oversight of the Company's significant financial risk exposures (including credit, liquidity and legal, regulatory and other contingencies), accounting and financial reporting, disclosure control and internal control processes (including internal control over financial reporting, and the Audit Committee's discussions with management, the independent accountants and internal auditors regarding the quality and adequacy thereof), the internal audit function, and the legal, regulatory and ethical compliance functions (including key compliance policies, such as the Code of Business Conduct and Ethics, Conflict of Interest and Related Person Transactions policies);

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- the Nominating and Corporate Governance Committee's oversight of Board structure, the Company's governance policies and the self-evaluation assessments conducted by the Board and its committees; the Compensation Committee's review and approvals regarding executive officer compensation and its alignment with the Company's business and strategic plans, and the review of compensation plans generally and the related incentives, risks and risk mitigants; and
- Board and committee executive sessions consisting of the independent directors, solely among themselves, as well as with management, the internal and outside auditor, compensation consultant and other third parties.

Meetings

The Board and its committees meet throughout the year at regularly scheduled meetings, and also hold special meetings and act by written consent as appropriate. In 2014, the Board held six meetings. During 2014, each director attended at least 75%, in aggregate, of the meetings of the Board and all committees of the Board on which he or she served.

Directors are expected to attend all meetings, including the annual meeting of shareholders, and the Company historically has scheduled a Board meeting on the date of the annual meeting of shareholders. All directors attended the 2014 annual meeting in person or via conference call.

Non-management directors hold regularly scheduled executive sessions at which they meet without the presence of management. These executive sessions generally occur around regularly scheduled meetings of the Board. Each meeting, the position of presiding director is rotated in alphabetical order among the non-management directors. For more information regarding the Board and other corporate governance policies and procedures, see “-Corporate Governance.” For information on how you can communicate with the Company's non-management directors, including the presiding director, see “-Shareholder Communication with the Board.”

Committees of the Board

The Board has delegated various responsibilities and authority to Board committees and each committee regularly reports on its activities to the Board. Each committee, except the Executive Committee, has regularly scheduled meetings and nearly always has executive sessions each meeting at which committee members meet without the presence of management (as well as with certain members of management). Each committee, other than the Executive Committee, operates under a written charter approved by the Board, which is reviewed annually by the respective committees and the Board and is available on the Company's website, [www.taubman.com](http://www.taubman.com), under the Investors - Corporate Governance - Committee Composition tab. The table below sets forth the current membership of the four standing committees of the Board and the number of meetings in 2014 of such committees:

Name	Audit	Compensation	Nominating and Corporate Governance	Executive
Graham T. Allison	—	—	X	X
Jerome A. Chazen	Chair	X	—	—
Craig M. Hatkoff	—	Chair	X	—
Peter Karmanos, Jr.	—	X	—	—
William U. Parfet	X	—	Chair	—
Lisa A. Payne	—	—	—	—
Robert S. Taubman	—	—	—	Chair
William S. Taubman	—	—	—	—
Ronald W. Tysoe	X	X	—	X
Meetings	9	3	2	—

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### Audit Committee

The Audit Committee is responsible for providing independent, objective oversight and review of the Company's auditing, accounting and financial reporting processes, including by: reviewing the audit results and monitoring the effectiveness of the Company's internal control over financial reporting, disclosure controls and internal audit function; reviewing our reports filed with or furnished to the SEC that include financial statements or results; and providing oversight of legal, ethical and regulatory compliance functions (including key compliance policies, such as the Code of Business Conduct and Ethics, Conflict of interest and Related Person Transactions policies). In addition, the Audit Committee engages the independent registered public accounting firm and approves its work plan and fees. The Audit Committee may form and delegate authority to subcommittees as appropriate. See "Audit Committee Matters," "Report of the Audit Committee" and the Audit Committee's charter for additional information on the responsibilities and activities of the Audit Committee.

The Board has determined that each Audit Committee member has sufficient knowledge in reading and understanding financial statements to serve thereon and is otherwise financially literate. The Board has further determined that two Audit Committee members, Mr. Parfet and Mr. Tysoe, qualify as "audit committee financial experts" within the meaning of SEC regulations and that each of them has the accounting and related financial management expertise required by the NYSE listing standards. The designation of an "audit committee financial expert" does not impose upon such person any duties, obligations or liabilities that are greater than those generally imposed on such person as a member of the Audit Committee and the Board, and such designation does not affect the duties, obligations or liabilities of any other member of the Audit Committee or the Board.

In accordance with NYSE rules, an Audit Committee member may not simultaneously serve on more than two other audit committees of public companies unless the Board determines that such simultaneous service would not impair the ability of such person to effectively serve on the Audit Committee and discloses such determination. No Audit Committee member currently serves on more than two other audit committees of public companies.

### Compensation Committee

The Compensation Committee is responsible for: overseeing compensation and benefit plans and policies generally; reviewing and approving equity grants and otherwise administering share-based plans; reviewing and making recommendations to the Board regarding director compensation; monitoring compliance with stock ownership guidelines; reviewing and approving annually all compensation decisions relating to the Company's senior management; and reviewing certain compensation disclosures and proposals in our proxy statement and other reports filed with or furnished to the SEC. The Compensation Committee also reviews and discusses, at least annually, the relationship between risk management policies and practices, corporate strategy and the Company's compensation programs. The Compensation Committee may form and delegate authority to subcommittees as appropriate. See "Compensation Discussion and Analysis," "Compensation Committee Report" and the Compensation Committee's charter for additional information on the responsibilities and activities of the Compensation Committee.

**Role of Management.** Similar to prior years, in 2014 the Compensation Committee took significant direction from the recommendations of the Manager, including Robert Taubman and other executives of the Manager, with respect to the design and implementation of the Company's compensation program for its senior management. See "Compensation Discussion and Analysis—Determining Compensation for 2014" for further information.

**Role of Compensation Consultant.** The Compensation Committee determined to re-engage Towers Watson as its compensation consultant for 2014 with respect to the Company's senior management and non-employee director compensation programs and approved the terms of such engagement. Representatives of Towers Watson often are invited to attend Compensation Committee meetings.



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The Compensation Committee works with management to determine the consultant's responsibilities and direct its work product, although the Compensation Committee is responsible for the formal approval of the annual work plan. Towers Watson's responsibilities in 2014 with respect to executive compensation are set forth in "Compensation Discussion and Analysis—Determining Compensation for 2014."

The Compensation Committee reviews the Company's non-employee director compensation program every other year and makes recommendations to the Board as appropriate. In 2014, the Compensation Committee engaged Towers Watson to assess the Company's competitive position regarding its non-employee director compensation program, which resulted in a revised program effective January 1, 2015. The non-employee director compensation program was not revised in 2014. See "-Director Compensation" below for further information.

**Independence of Compensation Consultant and Potential Conflicts of Interest.** The Compensation Committee has the sole authority to engage outside advisors and establish the terms of such engagement, including fees. In connection with any such engagement, the Compensation Committee reviews the independence of such advisor, based on the factors specified by the NYSE as well as any other factors it deems appropriate, and any conflicts of interest raised by the work of such outside advisor.

During fiscal 2014, the Company did not retain Towers Watson to provide services other than the executive and non-employee director compensation services provided to the Compensation Committee. Although the Company has retained Towers Watson for limited services in prior years which services neither the Compensation Committee nor the Board approve, the Compensation Committee believes that the advice it receives from the individual compensation consultants is objective and not influenced by Towers Watson's or any of its affiliates' other relationships with the Company because of the policies and procedures Towers Watson and the Compensation Committee have in place. These policies and procedures include:

- the Compensation Committee's individual consultants receive no incentive or other compensation based on the fees charged to the Company for other services provided by Towers Watson or any of its affiliates, if any;
- the Compensation Committee's individual consultants are not responsible for selling other Towers Watson or affiliate services to the Company;
- Towers Watson's professional standards prohibit the Compensation Committee's individual consultants from considering any other relationships that Towers Watson or any of its affiliates may have with the Company in rendering their advice and recommendations;
- the Compensation Committee has the sole authority to retain and terminate its compensation consultants;
- the Compensation Committee's individual consultants have direct access to the Compensation Committee without management intervention and may participate in executive sessions with the Compensation Committee; and
- the Compensation Committee evaluates the quality and objectivity of the services provided by the consultants each year and determines whether to continue to retain the consultants.

Except as set forth above, the Compensation Committee noted that there were no potential conflicts of interest raised by the work of the individual consultants.

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### Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for: identifying individuals qualified to become directors and recommending director nominees to the Board (other than vacancies for which holders of the Series B Preferred Stock propose nominees); reviewing the composition, organization, function and performance of the Board and its committees; and exercising general oversight over corporate governance policy matters of the Company, including developing, recommending and monitoring the Corporate Governance Guidelines. The Nominating and Corporate Governance Committee may form and delegate authority to subcommittees as appropriate. See the Nominating and Corporate Governance Committee's charter for additional information on its responsibilities and activities.

As set forth in the Corporate Governance Guidelines, the Nominating and Corporate Governance Committee considers the experience, mix of skills and other qualities of the existing Board to ensure appropriate Board composition. The Nominating and Corporate Governance Committee believes directors and nominees must have demonstrated excellence in their chosen fields, high ethical standards and integrity, and sound business judgment. The Nominating and Corporate Governance Committee does not have a specific diversity policy underlying its nomination process, although it seeks to ensure the Board includes members with diverse backgrounds, qualifications, skills and experience, including appropriate financial, governance, capital market, real estate, retail and other expertise relevant to the Company's business. Generally, the Nominating and Corporate Governance Committee will re-nominate incumbent directors who continue to satisfy its criteria for membership on the Board, who it believes will continue to make important contributions to the Board and who consent to continue their service on the Board. If a vacancy on the Board occurs, the Nominating and Corporate Governance Committee will seek individuals who satisfy its criteria for membership on the Board.

The Nominating and Corporate Governance Committee generally relies on multiple sources for identifying and evaluating non-incumbent nominees, including referrals from the Company's current directors and management. In 2014, the Nominating and Corporate Governance Committee did not engage a search firm or pay fees to other third parties in connection with identifying or evaluating Board nominee candidates. The Nominating and Corporate Governance Committee does not solicit director nominations, but will consider recommendations by shareholders with respect to elections to be held at an annual meeting, so long as such recommendations are sent on a timely basis to the Secretary of the Company and are in accordance with the Company's Restated By-Laws (the "By-Laws") and applicable law. The Nominating and Corporate Governance Committee will evaluate nominees recommended by shareholders against the same criteria that it uses to evaluate other nominees. The Company did not receive any nominations of directors by shareholders for the 2015 annual meeting.

Under the By-Laws, shareholders must follow an advance notice procedure to nominate candidates for election as directors or to bring other business before an annual meeting. The advanced notice procedures set forth in the By-Laws do not affect the right of shareholders to request the inclusion of proposals in the Company's proxy statement and form of proxy pursuant to SEC rules. See "Additional Information-Presentation of Shareholder Proposals and Nominations at 2016 Annual Meeting" for information regarding providing timely notice of shareholder proposals and nominations. For nominations and shareholder proposals, the notice provided by shareholders to the Company must include, among other things:

for director nominations:

the name and address of the person or persons being nominated;

the consent of each nominee to serve as a director if elected and to be named in the proxy statement;

a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among the shareholder and beneficial owner, if any, and their respective affiliates and associates and others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates or others acting in concert therewith, on the other hand;

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- a description of certain voting or compensatory arrangements;
- information regarding the nominee to enable the Company to determine whether the proposed nominee qualifies as an independent director and otherwise is in compliance with the Company's policies and guidelines applicable to directors; and
- such other information regarding each nominated person that would be required in a proxy statement filed pursuant to the SEC's proxy rules in the event of an election contest.
- for other business, a brief description of such business, the reasons for conducting such business and any material interest in such business; and
- for a shareholder and beneficial owner(s), if any, on whose behalf the nomination or proposal is being made:
  - the name and address of the shareholder (and beneficial owner, if any);
  - the class and number of shares of the Company's stock that the shareholder (and beneficial owner, if any) owns;
  - information regarding such persons' interest (and the interest of related persons) in the matters being proposed;
- arrangements between the persons proposing such action;
- the interests of such persons and related persons in the Company's stock, including disclosure of agreements that involve hedging, short positions and similar arrangements and agreements that involve acquiring, voting, holding or disposing of the Company's stock; and
- whether such persons intend to solicit proxies in support of the nominee or proposed business.

In addition, such information provided to the Company must be updated and supplemented so that all applicable information is true and correct as of the record date and within 15 days prior to the applicable meeting or any adjournment or postponement thereof. See the By-Laws for complete information required to be included in such notice to the Company.

Executive Committee

The Executive Committee has the authority to exercise many of the functions of the full Board between meetings of the Board, although historically it has only been used for administrative purposes between regularly scheduled Board meetings.

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### Corporate Governance

The Board and management are committed to responsible corporate governance to ensure that the Company is managed for the benefit of its shareholders. To that end, the Board and management periodically review and update, as appropriate, the Company's corporate governance policies and practices. The Company also updates policies and practices as mandated by the Sarbanes-Oxley Act of 2002, Dodd-Frank and other SEC or NYSE rules and regulations. A copy of the Company's committee charters, Corporate Governance Guidelines and Code of Business Conduct and Ethics will be sent to any shareholder, without charge, upon written request sent to the Company's executive offices: Taubman Centers Investor Services, 200 East Long Lake Road, Suite 300, Bloomfield Hills, Michigan 48304-2324.

### Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines, a copy of which can be found at the Company's website, [www.taubman.com](http://www.taubman.com), under the Investors - Corporate Governance tab. These guidelines address, among other things, director responsibilities, qualifications (including independence), compensation and access to management and advisors. The Nominating and Corporate Governance Committee is responsible for overseeing and reviewing these guidelines and recommending any changes to the Board.

**Annual Performance Evaluations.** The Corporate Governance Guidelines require that the Board and its committees conduct self-evaluations at least annually to determine whether the Board and its committees are functioning effectively. These reviews focus on the Board and its committees as a whole, as well as individual directors when circumstances warrant such discussion. The Board also reviews the Nominating and Corporate Governance Committee's periodic recommendations concerning the performance and effectiveness of the Board and its committees. The Nominating and Corporate Governance Committee oversees the annual performance evaluation process.

### Code of Conduct

The Board also has adopted a Code of Business Conduct and Ethics (the "Code"), which sets out basic principles to guide the actions and decisions of all of the Company's employees, officers and directors. The Code, also available on the Company's website, [www.taubman.com](http://www.taubman.com), under the Investors - Corporate Governance tab, covers numerous topics including honesty, integrity, raising concerns, conflicts of interest, compliance with laws and internal policies, corporate opportunities and confidentiality. Waivers of the Code are discouraged, but any waiver or material amendment that relates to the Company's executive officers or directors may only be made by the Board or a Board committee and will be publicly disclosed on the Company's website, [www.taubman.com](http://www.taubman.com), under the Investors - Corporate Governance tab within four business days of such waiver or amendment. See "Related Person Transactions" for additional information on the Board's policies and procedures regarding related person transactions.

### Committee Charters

See "Committees of the Board" for a description of the Board's delegation of authority and responsibilities to the four standing committees.

### Succession Planning

The succession planning process for executive officers is designed to assist the Board in understanding our readiness and the related transition risks for a crisis as well as a planned transition, and to oversee the development of strong leadership quality and executive bench strength. On at least an annual basis, the Board meets with the Chief Executive Officer and in executive session without management to discuss succession planning and strategies to strengthen and supplement the skills and qualifications of internal succession candidates. Key executives have ongoing exposure to the Board to assist in the Board's oversight. Further, the Chief Executive Officer, other executive officers and Human Resources periodically provide the Board with an assessment of key executives for potential succession and discuss potential sources of external candidates.

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## Director Compensation

Non-employee director compensation consists of a mix of cash and equity, with such directors retaining the option to defer such compensation under the Non-Employee Directors' Deferred Compensation Plan. The combination of cash and equity compensation is intended to provide incentives for non-employee directors to continue to serve on the Board, to further align the interests of the Board and shareholders and to attract new non-employee directors with outstanding qualifications. Directors who are employees or officers of the Company or any of its subsidiaries do not receive any compensation for serving on the Board and therefore are excluded from the director compensation table below. The Company reimburses all directors for expenses incurred in attending meetings or performing their duties as directors.

The Compensation Committee reviews the non-employee director compensation program every other year and makes recommendations to the Board as appropriate. The Board did not revise the non-employee director compensation program for 2014 but did approve revisions effective January 1, 2015.

## 2014 Compensation Program

The following table sets forth the compensation program for non-employee directors in 2014:

	2014 (\$)
Annual cash retainer:	
Audit Committee chair	75,000
Compensation Committee chair	72,000
Nominating and Corporate Governance Committee chair	70,000
Other non-employee directors	60,000
Annual equity retainer (fair market value)	120,000
Attendance fees per Board or committee meeting	1,500

Annual Cash Retainer. The annual cash retainer was paid each quarter (in advance).

Annual Equity Retainer. In 2014, non-employee directors received shares of common stock each quarter (in advance) having a fair market value of \$30,000. The number of shares received is determined by dividing such amount by the closing price of the common stock as of the last business day of the preceding quarter. The awards are made pursuant to the 2008 Omnibus Long-Term Incentive Plan, as amended (the "2008 Omnibus Plan"). The Company does not coordinate the timing of share grants with the release of material non-public information, as the grant date is always the first business day of each quarter.

Non-Employee Directors' Deferred Compensation Plan. Non-employee directors may defer the receipt of all or a portion of their cash retainer and equity retainer until the earlier of the termination of Board service or a change of control. The deferred compensation is denominated in restricted share units, and the number of restricted share units received equals the deferred retainer fee divided by the fair market value of the Company's common stock on the business day immediately before the date the director would have been otherwise entitled to receive the retainer fee. During the deferral period, the non-employee directors' deferral accounts are credited with dividend equivalents on their deferred restricted share units (corresponding to cash dividends paid on the Company's common stock), payable in additional restricted share units based on the fair market value of the Company's common stock on the business day immediately before the record date of the applicable dividend payment. Each non-employee director's deferral account is 100% vested. The restricted share units are converted into the Company's common stock at the end of the deferral period for distribution.

Perquisites. The Company does not provide any perquisites to directors.

Special Dividend. In October 2014 the Company completed the sale of seven malls to Starwood Capital Group ("Starwood Transaction"). As a result of the Starwood Transaction, the Company declared a special dividend of \$4.75 per common share, which was paid to shareholders in December 2014. Pursuant to the terms of the Non-Employee Directors' Deferred Compensation Plan, participating directors received dividend equivalents with respect to such special dividend.

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## 2014 Compensation Table

The table below sets forth the compensation of each non-employee director in 2014.

Name	Fees Earned or Paid in Cash (\$)(1)(3)	Stock Awards (\$)(2)(3)	Total (\$)
Graham T. Allison	72,000	120,000	192,000
Jerome A. Chazen	100,500	120,000	220,500
Craig M. Hatkoff	87,202	119,798	(4) 207,000
Peter Karmanos, Jr.	70,500	120,000	190,500
William U. Parfet	95,702	119,798	(4) 215,500
Ronald W. Tysoe	85,500	120,000	205,500
Total	511,404	719,596	1,231,000

- (1) Represents amounts earned in cash in 2014 with respect to the annual cash retainer, meeting fees and fractional shares awarded under the 2008 Omnibus Plan that were paid in cash.
- (2) Reflects shares of common stock granted under the 2008 Omnibus Plan in 2014. The amounts reported reflect the grant-date fair value of each award, which equals the corresponding cash value of the award.
- (3) In 2014, the following directors elected to defer the receipt of all or a portion of their cash retainers and/or equity retainers under the Non-Employee Directors' Deferred Compensation Plan. The restricted share units were fully vested on the grant date.

Name	2014 Cash Deferrals (\$)	2014 Stock Deferrals (\$)	Restricted Share Units Credited (excl. dividend equivalents) (#)
Graham T. Allison	60,000	120,000	2,550
Jerome A. Chazen	75,000	120,000	2,762
Peter Karmanos, Jr.	60,000	120,000	2,550
William U. Parfet (A)	35,000	—	496
Ronald W. Tysoe (B)	—	120,000	1,700

(A) Mr. Parfet elected to defer 50% and 0% of his cash and stock compensation, respectively, in 2014.

(B) Mr. Tysoe elected to defer 0% of his cash compensation in 2014.

(4) The value of fractional shares related to the equity retainer was paid in cash.

## Revised Compensation Program for 2015

The Compensation Committee engaged Towers Watson to assess the Company's competitive position regarding its non-employee director compensation program in 2014. The market data reviewed (based on 2013 compensation data) included the 14-REIT peer group also utilized for executive compensation market data and a general industry group of more than 250 non-financial public companies with 2013 year-end market capitalizations similar to the Company. Consistent with historical practice, the Compensation Committee determined to target non-employee director compensation between the 75th percentile of the REIT peer group and the median of the general industry peer group. The market data showed that the program was below its target total compensation. In particular, the Compensation Committee noted the decreasing utilization of Board and committee meeting fees, within both the REIT and general industry peer groups. Based on such market data, the Compensation Committee recommended and the Board approved, effective January 1, 2015, the following changes to the Company's non-employee director compensation program: the elimination of Board and committee meeting fees and in lieu thereof an increase in the annual cash retainer from \$60,000 to \$70,000 and the implementation of cash retainers for committee members; an increase in the cash retainers for committee chairs; and an increase in the annual equity retainer from \$120,000 to \$125,000.

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Director Stock Ownership Guidelines

The Board has adopted stock ownership guidelines for the directors of the Company to further align the interests of shareholders and directors. The current guidelines are available on the Company's website, [www.taubman.com](http://www.taubman.com), under the Investors - Corporate Governance tab.

The Compensation Committee last revised the stock ownership guidelines for non-employee directors in March 2013. Under the current guidelines, non-employee directors are required to maintain shares having a value of \$300,000 (five times the annual cash retainer prior to the January 1, 2015 revision and excluding the additional cash retainer for committee chairs and members). Until the requirement is satisfied, a non-employee director must retain at least 50% of the net shares that vest. However, once the requirement is satisfied initially, a non-employee director will not be subject to such retention requirement if the total value of the shares falls below the requirement solely due to a decline in the price of the Company's common stock. As of February 1, 2015, all non-employee directors were in compliance with such guidelines.

Shareholder Communication with the Board

Any shareholder or interested party who desires to communicate with the Board or any specific director, including non-management directors, the presiding director, or committee members, may write to: Taubman Centers, Inc., Attn: Board of Directors, 200 East Long Lake Road, Suite 300, Bloomfield Hills, Michigan 48304-2324.

Depending on the subject matter of the communication, management will:

• forward the communication to the director or directors to whom it is addressed; in particular, matters addressed to the Chairman of the Audit Committee will be forwarded unopened directly to such Chairman;

• attempt to handle the inquiry directly where the communication does not appear to require direct attention by the Board or an individual member, e.g. the communication is a request for information about the Company or is a stock-related matter; or

• not forward the communication if it is primarily commercial in nature or if it relates to an improper or irrelevant topic.

To submit concerns regarding accounting and auditing matters, employees, shareholders and other interested persons may also call the Company's toll free, confidential hotline number, contact the Audit Committee Chairman or the Company's outside counsel, or utilize the confidential website, each as set forth in the Code of Business Conduct and Ethics available on the Company's website, [www.taubman.com](http://www.taubman.com), under the Investors - Corporate Governance tab. All reports are confidential and anonymous, unless users choose to identify themselves.

Communications made through the confidential hotline and website, or to the Audit Committee Chairman or the Company's outside counsel, are reviewed by the Audit Committee at each regularly scheduled meeting; other communications will be made available to directors at any time upon their request.

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## EXECUTIVE OFFICERS

The executive officers of the Company serve at the pleasure of the Board. The executive officers of the Company are as follows:

Name	Age	Title
Robert S. Taubman	61	Chairman of the Board, President and Chief Executive Officer
Lisa A. Payne	56	Vice Chairman, Chief Financial Officer and Director
William S. Taubman	56	Chief Operating Officer and Director
David S. Joseph II	44	Executive Vice President, Leasing of The Taubman Company LLC
Stephen J. Kieras	61	Senior Vice President, Development of The Taubman Company LLC
René Tremblay	60	President, Taubman Asia Management Limited
David A. Wolff	45	Chief Accounting Officer

See “Proposal 1-Election of Directors-Director Background and Qualifications” for biographical and other information regarding Robert Taubman, Lisa Payne and William Taubman.

David S. Joseph II is Executive Vice President, Leasing of the Manager, a position he has held since March 2015. Mr. Joseph was Senior Vice President, Leasing of the Manager from April 2013 to March 2015. Before joining the Company, he spent 12 years at Walton Street Capital, a large private equity real estate investment firm, where most recently as Principal he was responsible for identifying retail acquisitions and the overall strategic management of Walton’s retail properties. Prior to that, he served as Vice President of leasing for Urban Retail Properties in Chicago and as a Leasing Associate/Analyst at Faison Associates in Charlotte, North Carolina. An advisory board member of the University of Wisconsin Graaskamp Center for Real Estate, Mr. Joseph is also a member of the International Council of Shopping Centers and the Urban Land Institute.

Stephen J. Kieras is Senior Vice President, Development of the Manager, a position he has held since September 2004. Mr. Kieras was a Group Vice President, Development of the Manager from 2001 to September 2004, a Vice President, Development from 1998 to 2001 and a Director, Development from 1990, when he joined the Manager, to 1998.

René Tremblay is the President, Taubman Asia Management Limited, a position he has held since October 2010. Prior to joining the Company, Mr. Tremblay served as executive vice president, real estate and president of the real estate group of Caisse de dépôt et de placement du Québec, one of the ten largest real estate portfolios in the world. Prior to that, from 1995 to 2009, as president and CEO of Ivanhoe Cambridge, he oversaw the acquisition and integration of Cambridge Shopping Centres, and developed and executed a successful strategy of major international expansion in markets such as Brazil, Poland, France, Scotland, Spain and China. Mr. Tremblay served as worldwide chairman of the International Council of Shopping Centers from 2007 to 2008.

David A. Wolff is Chief Accounting Officer of the Company and the Manager, a position he has held since March 2015. Mr. Wolff was Vice President, Financial Reporting of the Manager from March 2012 to March 2015. He previously served as Director, Accounting Standards & Compliance of the Manager and in various financial reporting, compliance and technical accounting capacities since joining the Manager in 1997. Prior to joining the Manager, Mr. Wolff was an audit manager at Deloitte & Touche, where he worked for seven years.



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COMPENSATION DISCUSSION AND ANALYSIS

The Company's compensation programs are designed to reward our executives for delivering superior performance and building shareholder value. The structure of our programs enables us to provide a competitive total rewards package while aligning senior executive interests to that of our shareholders. The following chart highlights the key considerations behind the development, review and approval of our named executive officers' (NEOs) compensation:

	Our NEO compensation program is designed to:
Objectives	Align executives' long-term interests with those of our shareholders Reward superior individual and Company performance Attract, retain and motivate key executives who are critical to the Company's operations
	Our NEO compensation philosophy is built on the following principles:
Philosophy	Provide total compensation that is fair and competitively positioned in the marketplace Reward results linked to short-term and long-term performance (pay-for-performance) Drive a focus on increasing shareholder value Ensure incentives do not encourage inappropriate risk-taking

Executive Summary

The following highlights our continued approach to align our compensation policies and practices with company performance while maintaining appropriate compensation governance.

What We Do:

- Pay for Performance
- Balance Long-Term and Short-Term Incentives
- Benchmark Compensation Against an Appropriate Peer Group
- Maintain a Clawback Policy (adopted in 2014)
- Monitor Potential Risks in our Incentive Plans
- Maintain Robust Stock Ownership Requirements
- Engage an Independent Compensation Consultant

What We Don't Do:

- No Tax Gross Up (eliminated in 2014)
- No "Single Trigger" Severance Agreements
- No Guaranteed Bonuses

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## Pay-for-Performance Focus

## Aligning Pay with Performance

To ensure that we are adhering to our pay for performance principles, a significant portion of the NEOs compensation is at-risk based on the extent to which the following target performance measures are achieved:

• Funds from operations (FFO),

• Growth in comparable center net operating income, excluding lease cancellation income (Comparable Center NOI), and

• Total shareholder return (TSR).

The Company's incentive compensation programs for NEOs are designed to link compensation performance with our business goals, some of which are short-term, while others take several years to achieve. To the extent target performance measures are not achieved, or they are exceeded, the NEOs generally will earn compensation below or above the target total direct compensation, respectively, supporting our pay-for-performance objectives.

The performance measures utilized in both our annual and long-term incentive plans generally are based on the Company and management team as a collective unit, to foster teamwork and maximize the Company's performance. However, the allocation of the annual bonus pool earned by senior management in aggregate is based on individual considerations.

	Short-Term (Cash)	Long-Term (Equity)	Long-Term (Equity)
	Annual Bonus Program	Performance Share Units (PSUs)	Restricted Share Units (RSUs)
Objective	Short-term operational business priorities	Shareholder value creation	Shareholder value creation
Time Horizon	1 Year	3 Years*	3 Years
Metrics	FFO and Comparable Center NOI	Relative TSR with 0x-3x payout	Time Vested

\* NEO's except Mr. Tremblay also have a 5 year Special PSU for retention purposes. Because Mr. Tremblay has a significantly different long-term compensation program as discussed on page 45, his equity grant consists of an RSU award for retention purposes.

## Pay-for-Performance in Practice

The Company's pay for performance alignment is demonstrated in the PSU Awards table, which can be found on page 32. The Company's TSR between February 29, 2012 - March 1, 2015 resulted in a 0x payout of the 2012 PSU Award, which resulted in the forfeiture of all target shares for the CEO and other NEOs. The estimated payout of the 2012 Special PSU Award and the 2013 PSU Award, which are based on the Company's TSR between February 12, 2012 - March 1, 2017 and March 7, 2013 - March 1, 2016, respectively, is estimated as of December 31, 2014 to also be 0x. The payout range for the 2012 and 2013 PSU awards is 0% to 300% of the target grant. The payout range for the 2012 Special PSU Award is 0% to 400% of the target grant.

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## Elements of the Executive Compensation Program

The following table describes how elements of compensation are intended to satisfy the Company's compensation objectives.

	Link to Program Objectives	Type of Compensation	Important Features
Base Salary	<p>Fixed level of cash compensation to support attraction and retention of key executives in a competitive marketplace</p> <p>Preserves an employee's commitment during downturns in the REIT industry and/or in equity markets</p>	Cash	<p>Determined based on evaluation of individual's experience, current performance, and internal pay equity and a comparison to peer group</p>
Annual Cash Bonus	<p>Target cash incentive opportunity (set as a percentage of base salary) that encourages executives to achieve annual Company financial goals</p> <p>Assists in retaining, attracting and motivating employees in the near term</p>	Cash	<p>Funding based on the performance measures of FFO per diluted share, as adjusted for extraordinary and/or unusual items, and growth in Comparable Center NOI</p> <p>Payouts are based on individual performance</p> <p>50% of annual long-term incentive award</p>
Long-Term Incentives Program: RSUs	<p>Focuses executives on achievement of long-term Company financial and strategic goals and total shareholder return, thereby creating long-term shareholder value (pay-for-performance)</p> <p>Assists in maintaining a stable, continuous management team in a competitive market</p>	Long-Term Equity	<p>Provides upside incentive in up market, with some down market protection</p> <p>Three-year cliff-vest</p> <p>50% of annual long-term incentive award</p>
Long-Term Incentives Program: PSUs	<p>Maintains shareholder-management alignment</p> <p>Easy to understand and track performance</p> <p>Limits dilution to existing shareholders relative to utilizing options</p>	Long-Term Equity	<p>Three-year cliff-vest with actual payout of units at 0% to 300% of the target grant amount based on relative performance of total shareholder return</p> <p>Provides some upside in up- or down-market based on relative performance</p>
Long-Term Incentives Program: Special PSUs	<p>Enhances pay-for-performance objective (using long-term performance measure and vesting) and shareholder alignment</p> <p>Supports retention of senior management and next generation of leaders, addressing holding power and competitive pressures</p> <p>Easy to understand and track performance</p>	Long-Term Equity	<p>Five-year cliff-vest with actual payout of units at 0% to 400% of the target grant amount based on relative performance of total shareholder return</p> <p>Unlike annual PSUs, there is no vesting upon retirement</p>
Retirement Benefits	<p>Critical element of a total rewards program and helps attract and retain executive talent</p>	Benefit	<p>NEOs receive retirement benefits through the 401(k) Plan</p>
Perquisites	<p>Assists in attracting and retaining employees in competitive marketplace, with indirect benefit to Company</p>	Benefit	<p>Limited in amount and the Committee maintains a strict policy regarding eligibility and use</p> <p>Mr. Tremblay's are consistent with customary expatriate benefits</p>
Change of Control	<p>Attracts and retains employees in a competitive market</p>	Benefit	<p>Double trigger (change of control and actual or constructive termination of</p>

Agreements	Ensures continued dedication of employees in case of personal uncertainties or risk of job loss		employment) are required for all benefits, except acceleration of certain equity awards
Employment Agreements	Attracts highly skilled employees in a competitive environment	Benefit	Specific for the individual
	Provides confidentiality and non-compete protections		

Stock ownership requirements: Additionally, our stock ownership guidelines require all senior executives (except Mr. Tremblay) to follow specific ownership targets based on position. This requirement subjects these executives to the same long-term stock price volatility our shareholders experience.

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Determining Compensation for 2014

In determining compensation changes for NEOs from year to year, the Committee generally focuses on target total direct compensation, which consists of base salary, a target annual cash bonus and target long-term incentive awards. The Committee also reviews and proposes changes to post-termination benefits, perquisites and other compensation matters as it deems appropriate. Except for the elimination of 280g tax gross up, there were no changes to post-termination benefits or perquisites for the 2014 compensation program for NEOs.

Factors Guiding Decisions

- Compensation program objectives and philosophy

- Company financial performance

- Recommendations of the CEO for other NEOs

- Assessment of risk management, including avoidance of unnecessary or excessive risk taking to ensure long-term shareholder value

- Shareholder input including “say-on-pay” vote

- Advice of independent outside compensation consultant

- Market pay practices

- Current and historical compensation

2014 Company Performance

In 2014, the Company delivered solid growth. Adjusted FFO per share grew despite the loss of two-and-a-half months of results from the seven centers that were sold to Starwood Capital Group in October, which reduced 2014 Adjusted FFO by about 14 cents.

Solid growth and the strategic transactions are reflected in the results for 2014 including:

- Net income allocable to common shareholders of \$13.47 per diluted common share in 2014, compared to \$1.71 per diluted common share in 2013.

- Adjusted Funds from Operations (FFO) per diluted share of \$3.67 in 2014, compared to FFO per diluted share of \$3.65 in 2013. (Adjusted FFO per diluted share of \$3.67 in 2014 excludes charges related to the October 2014 sale of seven centers to Starwood).

- Comparable Center NOI (excluding lease cancellation income) in 2014 increased by 2.7% from 2013.

Overall, 2014 was a very productive year for the company, which included the successful opening of The Mall at University Town Center in Sarasota, Florida, significant progress on the developments in the U.S. and Asia and the completion of a series of strategic transactions that position the company for increased future growth.

See “Analysis of 2014 Compensation - Annual Cash Bonus Program” for definitions of, and an explanation of the reasons the Company uses Comparable Center NOI and Adjusted FFO, which are non-GAAP measures. The Company believes adjusted versions of FFO are useful to evaluate operating performance when certain significant items have impacted results that affect comparability with prior and future periods. See the Company’s Annual Report on Form 10-K for the year ended December 31, 2014 for reconciliations of such non-GAAP measures to the nearest GAAP measurement.

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## Total Shareholder Return (TSR)

The Company's one-year annualized total shareholder return of 31% demonstrates that the Company continues to focus on creating long-term value for its shareholders.

Although the Company's three-year annualized total shareholder return of 12% is lower than the indexes with whom we compare our performance to, our five-year annualized return remains at favorable performance levels. We believe that a longer term performance horizon is consistent with our business strategy and is also reflected in the design of our compensation programs. Almost half of our executives' target compensation is tied to our ability to deliver strong absolute and relative total shareholder return. In addition, our executives hold a significant amount of Taubman stock. As discussed in the "CEO Pay Overview" section, the actual value of compensation realized by our executives, as opposed to the accounting value shown in the Summary Compensation Table, is directly impacted by the performance of our stock.

To ensure we continue our commitment and alignment to shareholder value in our compensation programs, we annually grant performance share units (PSUs) and restricted share units (RSUs) whose value is directly tied to the share price. The actual payout of PSUs is contingent upon meeting certain levels of relative performance of total shareholder return over a three-year or five-year period.

## PSU Awards

The table below shows the estimated value of unvested PSU awards. Estimated Payout of Target PSU's are as of December 31, 2014. The 2012 Annual PSU is the actual payout that was determined as of February 27, 2015.

	Performance Period	Relative TSR Percentile Ranking During Performance Period (as of December 31, 2014)	Estimated/Actual Payout of Target PSUs (as of December 31, 2014)
2014 Annual Award	March 5, 2014 - March 1, 2017	60%	Estimated 1.4x payout
2013 Annual Award	March 7, 2013 - March 1, 2016	11%	Estimated 0x payout

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2012 Special Award*	February 29, 2012 - March 1, 2017	12%	Estimated 0x payout
2012 Annual Award	February 29, 2012 - March 1, 2015	7%	Actual 0x payout

\* Special PSU Awards are not granted annually and support retention of senior management and the next generation of leaders.

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2014 Compensation Program Decisions

Role of the Compensation Committee

The Compensation Committee determines the appropriate level of compensation for the Company's senior management, including the CEO and other NEOs. The Compensation Committee also reviews and discusses, at least annually, the relationship between risk management policies and practices, corporate strategy and the Company's compensation programs.

As part of this process, the Compensation Committee reviews all the components of compensation for the CEO and other NEOs and determines that each individual's total annual compensation (i.e., base salary, annual bonus, and long-term incentives) is reasonable and consistent with the Company's compensation philosophy.

The Compensation Committee reviews all the components of annual compensation (including base salary, annual bonus, and long-term incentives) for the NEOs and determines that each individual's total compensation is reasonable and consistent with the Company's compensation philosophy.

Compensation Committee Focus

Ensure the Company's compensation programs for its NEOs are designed to:

- Provide total direct compensation that is both fair and competitive;
- Attract, retain and motivate key executives who are critical to the Company's operations; and
- Align executives' long-term interests with those of shareholders.

The Compensation Committee may also consider additional factors, such as the executive's operating responsibilities, experience level, retention risk and tenure and performance in the position, and make adjustments to a particular element of an executive's compensation.

The Compensation Committee then approves, with any modifications it deems appropriate, the base salary, target annual bonus opportunity and target long-term incentive grant for the CEO. Along with the recommendation of Mr. Robert Taubman, the CEO, the Committee also approves the base salaries, target annual bonus opportunities and target long-term incentive grants for the other NEOs.

In the course of this analysis and development of proposed total compensation packages, the Compensation Committee's external compensation consultant reviews the relevant information and discusses its findings with the Committee.

Role of the CEO

Mr. Robert Taubman, the CEO, in consultation with other members of senior management and the human resources department, provides the Committee with recommendations regarding the design and implementation of the compensation programs for senior management. The Committee relies on the CEO because he has significant involvement in and knowledge of the Company's business goals, strategies and performance, the overall effectiveness of senior management and each person's individual contribution to the Company's performance.

For each named executive officer, the Committee is provided a compensation recommendation for target total direct compensation as well as information regarding historical total direct compensation, the individual's experience, current performance and other subjective factors. The CEO also provides recommendations for the performance metrics to be utilized in the incentive compensation programs, the appropriate performance targets and an analysis of whether such performance targets have been achieved (including recommended adjustments). Further, the CEO provides a general, subjective assessment of each member of senior management to assist the Committee in determining compensation, including the allocation of the earned annual bonus pool to senior management. The Committee retains the discretion to modify the recommendations of the CEO and reviews such recommendations for their reasonableness based on the Company's compensation philosophy and related considerations.

The Company and the Committee together set the meeting dates and agendas for Committee meetings, and the CEO, is invited regularly to attend such meetings. Other members of senior management and the human resources department are invited to attend certain meetings as appropriate. The Committee also meets regularly in executive



session outside the presence of management to discuss compensation issues generally, as well as to review the performance of and determine the compensation of Mr. Robert Taubman. The Company's legal advisors, human resources department and corporate accounting department support the Committee in its work in developing and administering the Company's compensation plans and programs.

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Role of the Compensation Consultant

The Committee engaged Towers Watson as its compensation consultant for 2014 with respect to the Company's senior management compensation program.

The Compensation Committee works with management to determine the consultant's responsibilities and direct its work product, although the Compensation Committee is responsible for the formal approval of the annual work plan. Towers Watson's responsibilities in 2014 with respect to executive compensation included, among other things: (A) to discuss 'best practices' and market trends in compensation; (B) to review the CD&A in the 2014 proxy statement and assist in calculating the 280G amounts for purposes of the 2014 proxy statement; (C) to advise management and the Compensation Committee, as requested, on executive compensation matters and participate in all Compensation Committee meetings and (D) to work with management and legal counsel on an appropriate approach to implications arising from the special dividend.

The Committee has the sole authority to approve the independent compensation consultant's fees and terms of the engagement. Thus, the Committee annually reviews its relationship with Towers Watson to ensure executive compensation consulting independence. The process includes a review of the services Towers Watson provides, the quality of those services, and fees associated with the services during the fiscal year. During fiscal year 2014, Towers Watson fees totaled \$150,016.

For 2014, the Compensation Committee approved a new peer group recommended by the Company and Towers Watson which was based on the industry sector and market capitalization. The data from this executive compensation peer group was considered when making pay decisions in addition to industry and internal considerations.

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Decisions and Actions

The table below summarizes the material decisions that the Compensation Committee made for 2014 relative to the NEOs' compensation programs, as well as updates to the compensation programs for 2015.

Program Decisions in 2014

Eliminated the Gross-up Provision in the Change of Control Employment Agreements

Effective May 2014, CIC agreements were amended to eliminate the 280g gross-ups on certain termination benefits and replace it with a "best net" provision which caps the benefit before being subject to the excise tax unless the participant is better off on an after-tax basis receiving the full payments and benefits.

Approved an Executive Compensation Clawback Policy  
Effective December 2014, the Compensation Committee approved an Executive Compensation Clawback policy for bonus, retention or incentive compensation in situations where there is fraud, negligence, or intentional misconduct by a former or current executive that is a significant contributing factor to a material misstatement of the Company's financial statements.

Modification of Unvested and Unexercised Awards

In December 2014, a special cash dividend was declared resulting from the Starwood transaction (defined below). This event was not contemplated in award agreements, so the Compensation Committee approved a modification to unvested or unexercised awards to ensure holders were in a neutral economic position after giving effect to the special dividend.

2014 Incentive Plan Risk Assessment

On an annual basis, the Company reviews and determines whether any of the Company's compensation policies include risk-taking incentives that may have a material adverse effect on the Company. The assessment conducted for 2014 determined that none of the incentive plans are reasonably likely to have a material adverse effect on the Company.

2015 Program Updates

Shareholder "Say on Pay" Votes

In evaluating the design of our executive compensation programs and the specific compensation decisions for each of our NEO's, the Compensation Committee considers shareholder input, including the advisory "say-on-pay" vote at our annual meeting. In 2014, the Company received significant shareholder support for compensation programs for NEOs with 89.4% of the outstanding votes cast approving the proposal. Based on this vote, the Compensation Committee determined that no changes would be made to our compensation programs as a result of such vote.

Modification to the Annual Bonus Program

For 2015, the Annual Bonus Program will include additional performance metrics specific to the Company's external growth objectives for the upcoming year.

Inclusion of Dividend Equivalent Rights (DER) for RSU and PSU awards

The special dividend payment highlighted the fact that our existing equity program did not allow for consideration of regular or special dividends, which results in unnecessary differentiation between the interests of executives and shareholders. We reviewed the practices of our peer group and found that the majority of our peers provide dividends or DERs to employees as part of any equity compensation arrangements. As a result, the Compensation Committee in February 2015, approved an update for accumulation of DERs on RSU and PSU awards beginning with the March 2015 grants. DERs will only be paid once awards have vested and will be paid in cash.

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2014 Special Dividend

In October 2014 the Company completed the sale of seven malls to Starwood Capital Group (“Starwood Transaction”). Based on the Starwood Transaction, the Company declared a special dividend of \$4.75 per common share, which was paid to shareholders in December 2014. The terms of the Company’s outstanding equity incentives were modified to ensure that the holders were in a neutral economic position after giving effect to the special dividend. If these modifications were not made the value of the awards would have been reduced solely as a result of the transaction. While no additional or new compensation was provided as a result of the transaction, these modifications resulted in an increase in the accounting value of the outstanding awards, which is reflected in the Summary Compensation Table for 2014.

2014 Target Total Direct Compensation

In 2014, target short-term and long-term incentive compensation represented a significant portion of target total direct compensation for our NEOs.

In addition, NEOs have equity awards granted in prior years subject to vesting over a number of years. Both the incentive plans and stock ownership guidelines reinforce shareholder alignment for long-term performance.

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CEO Pay Overview

For 2014, the Compensation Committee determined that the appropriate target total direct compensation for Mr. Robert Taubman was \$4.4 million. The Committee considered shareholder-value creation as well as a market range in relation to the target established for the position.

The performance orientation of our program and the alignment of compensation between our CEO and the interests of our shareholders are demonstrated in a comparison of target compensation to realizable compensation. For 2012 and 2013, realizable compensation currently is below target compensation.

The chart below shows the components of total compensation awarded to our CEO for 2014 performance, as compared to 2012 and 2013.

Realizable pay includes:  
 Base Salary:  
 Yearly guaranteed fixed amount of compensation  
 Annual Bonus:  
 Annual cash award payout amounts for 2012, 2013, and 2014  
 Annual PSU, Special PSU and RSU  
 Awards:  
 Represents the current intrinsic value of the unvested stock granted during that year using the stock price on 12/31/2014

The relationship between target and realizable compensation is attributable to several factors:

- The difference between the grant date accounting value of PSU awards and the market value
- Actual relative performance as of February 27, 2015 that resulted in 0% vesting of the annual PSUs granted in 2012 and estimated performance as of December 31, 2014 for PSU's granted in 2012 (Special PSUs) and 2013
- Relatively low stock price appreciation between the grant dates and December 31, 2014

The primary difference between the total amounts shown in this chart and in the 2014 Summary Compensation Table is that this table reflects the intrinsic value of equity as of December 31, 2014, as opposed to the fair value of stock awards at the time of grant, and this chart does not reflect certain other compensation amounts that are shown in the 2014 Summary Compensation Table.

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CEO Pay Alignment

The Company believes that there should be strong alignment between company performance and CEO compensation. The Company utilizes multiple performance metrics in its incentive plans (i.e., FFO, Comparable Center NOI Growth and Relative TSR) to accomplish this. TSR has been chosen as a key metric to align the long-term interests of shareholders and the CEO.

In order to assess pay alignment, the Company conducted an analysis that compared realizable compensation and TSR performance for Mr. Robert Taubman and the CEOs at companies in our Executive Compensation Peer Group\*. The analysis reflected the most recent three-year period (2011-2013) where comparable publicly-available compensation and TSR data were available and is summarized in the chart at the right.

As illustrated in the chart, there is a strong linkage between the Company's TSR and our CEO's realizable compensation over the three-year period analyzed and, while the degree of alignment could change in future years due to various factors, the Committee will continue to conduct similar analyses to help inform its decisions on CEO pay going forward.

\*Analysis excluded two peer companies, based on availability of publicly-available data during the time period analyzed.

Executive Compensation Peer Group

CBL & Associates Properties, Inc.	Glimcher Realty Trust	Rouse Properties, Inc.
DDR Corporation	Kimco Realty Corporation	Simon Property Group, Inc.
Federal Realty Investment Trust	The Macerich Company	Tanger Factory Outlet Centers, Inc.
Forest City Enterprises, Inc.	Pennsylvania Real Estate Investment Trust	Vornado Realty Trust
General Growth Properties, Inc.		Westfield Group, LLC.

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## Analysis of 2014 Compensation

## Base Salary

The base salaries of NEOs are reviewed on an annual basis, as well as at the time of a promotion or other material change in responsibilities. Base salary adjustments are based on an evaluation of the individual's experience, current performance, internal pay equity and a comparison to the Executive Compensation Peer Group. Base pay increases normally take effect in early April.

## 2014 Base Salary Decisions

The Committee determined to increase base salaries for all NEOs in the United States by 3%, in line with national survey data for base salaries in the United States and commensurate with the overall average wage increase of 3% provided to the Company's employees. The following table sets forth the base salaries approved for the NEOs for 2014.

	2013 (\$)	2014 (\$)	Percent Change
Robert S. Taubman	875,500	901,765	3%
Lisa A. Payne	616,005	634,485	3%
William S. Taubman	586,671	604,271	3%
David S. Joseph II	500,000	515,000	3%
Rene Tremblay*	716,609	1,000,000	39.55%

Establishing Base Salaries  
When establishing base salaries for NEOs, the Committee considers a guideline range of the 50<sup>th</sup> - 75<sup>th</sup> percentile of the peer group data for comparable roles depending on experience and performance.

\* In 2014, Mr. Tremblay's employment agreement was amended and is discussed in detail on page 45.

## Annual Cash Bonus Program

For 2014, the Committee required a minimum level of FFO performance and Comparable Center NOI growth before funding the bonus pool, and established additional performance measures as guidelines above the threshold amounts. Historically, the Compensation Committee also considers adjustments to the reported financial measures for unusual or nonrecurring items that impact the results in a given year and/or that were not contemplated when the original targets were set.

For 2014, the Company reported Adjusted FFO per share of \$3.67 (adjusted to exclude charges related to the Starwood Transaction).

These results also include Comparable Center NOI growth of 2.7% compared to 2013.

The 2014 bonus pool funding for senior management was 20% less than 2013 primarily due to Comparable Center NOI growth being less than 3% in 2014.

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Determining Cash Bonuses

In 2014, the Compensation Committee established a minimum level of FFO per share and Comparable Center NOI growth before funding the bonus pool, and established additional performance measures as guidelines above the threshold amounts to assist in establishing the final bonus pool. The cash bonus earned by each member of senior management is determined by each person's bonus target and the subjective determination of their individual performance.

The target bonus for each member of senior management is based on a percentage of each person's base salary. The Committee uses the sum of these targets to establish the target cash bonus pool. Upon the Committee's approval of any adjustments to reported financial measures for purposes of determining the cash bonus pool, the Committee's pre-approved payment formula for bonuses between 50% to 150% of the target pool serves as a guideline in its determination of the size of the earned cash bonus pool as a percentage of the target pool, subject to Committee discretion within and outside of such range.

The funding of the annual bonus program is based on the achievement of one or more annual performance measures in addition to subjective considerations of company performance for the year. Target performance measures are established based upon the Company's operating goals and competitive pressures, the anticipated economic climate (including interest rates) and other budgetary risks and opportunities.

The Committee retains the authority to adjust reported financial measures for unusual or nonrecurring items that impact the results in a given year and/or that were not contemplated when the original targets were set; the Committee customarily utilizes this discretion as appropriate.

The Committee established a threshold objective of \$3.62 FFO/share, however, this was adjusted by \$0.14 for the estimated decrease in the FFO directly related to the disposition of the Starwood Centers. NAREIT defines FFO as net income (loss) computed in accordance with generally accepted accounting principles ("GAAP"), excluding gains (or losses) from extraordinary items and sales of properties and impairment write-downs of depreciable real estate, plus real estate related depreciation and after adjustments for unconsolidated partnerships and joint ventures. The Company and the Committee believe that FFO is a useful supplemental measure of operating performance for REITs. Historical cost accounting for real estate assets implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, the Company and most industry investors and analysts consider presentations of operating results that exclude historical cost depreciation to be useful in evaluating the operating performance of REITs.

The Company uses Comparable Center NOI growth as an additional measure to evaluate the operating performance of centers to ensure the quality of earnings and results must be positive to achieve threshold level performance.

Comparable centers are generally defined as centers that were owned and open for the entire current and preceding period. The Company defines NOI as property-level operating revenues (includes rental income excluding straight-line adjustments of minimum rent) less maintenance, taxes, utilities, promotion, ground rent (including straight-line adjustments), and other property-level operating expenses. Since NOI excludes general and administrative expenses, pre-development charges, interest income and expense, depreciation and amortization, restructuring charges and gains from land and property dispositions, the Company and the Committee believe it provides a performance measure that, when compared period over period, reflects the revenues and expenses most directly associated with owning and operating rental properties, as well as the impact on their operations from trends in tenant sales, occupancy and rental rates, and operating costs.

FFO and Comparable Center NOI are non-GAAP measures and they should not be considered an alternative to net income as an indicator of the Company's operating performance, and they do not represent cash flows from operating, investing or financing activities as defined by GAAP. These non-GAAP measures as presented by the Company are not necessarily comparable to similarly titled measures used by other REITs due to the fact that not all REITs use common definitions.



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## 2014 Annual Cash Bonus Decisions

For 2014, the annual target bonus percentage was unchanged for the NEO's in the United States. Overall, the 2014 bonus expense for senior management was approximately \$5.3 million compared to a target bonus pool of \$4.3 million. In March 2015, the Committee determined Robert Taubman's annual bonus and Robert Taubman recommended the cash bonuses earned by every other member of senior management which were approved by the Committee. The determination of the earned bonuses was based on the allocation of an aggregate, senior management bonus pool summing each person's target bonus with payouts based on a subjective determination of individual performance.

The following table sets forth the target annual cash bonus approved for the NEOs and the earned annual bonus for 2014.

	Target Annual Bonus		Percent Change	Percent of 2014 Base Salary	Actual Earned 2014 Bonus (\$)
	2013 (\$)	2014 (\$)			
Robert S. Taubman	1,094,375	1,127,207	3%	125%	1,000,000
Lisa A. Payne	486,644	501,244	3%	79%	700,000
William S. Taubman	463,471	477,375	3%	79%	425,000
David S. Joseph II	400,000	412,000	3%	80%	515,000
Rene Tremblay*	551,200	400,000	(27.4)%	40%	575,000

\* In 2014, Mr. Tremblay participated in the Annual Bonus Program per his amended employment agreement

## Annual Long-Term Incentive Program

The Committee administers the long-term incentive program. Awards under the long-term incentive program can be made in the form of restricted share units (RSUs), annual performance share units (PSUs), and special PSUs.

Restricted Share Units and Annual Performance Share Units: Beginning with the equity grants made in March 2009, 50% of the annual long-term incentive award is converted into RSUs and 50% of the long-term incentive dollar award is converted into Annual PSUs. All RSUs and Annual PSUs granted in 2014 provide for vesting March 1, 2017, subject to the terms of such award.

The Annual PSUs represent a contingent number of units of stock granted at the beginning of a specified performance cycle, with the actual payout of units at 0% to 300% of the target grant amount based on the Company's relative performance against members of a comparator group consisting of companies in the FTSE NAREIT Equity Retail Index (NAREIT Index), with respect to shareholder return over a three-year period. The Company utilized the full NAREIT Index to ensure the perception of objectivity in setting such performance measures. The actual payout multiples are shown in the chart below, with interpolation between such performance levels.

	Relative Total Shareholder Return				
	Less than 25 <sup>th</sup> percentile	25 <sup>th</sup> percentile	50 <sup>th</sup> percentile	75 <sup>th</sup> percentile	100 <sup>th</sup> percentile
Multiple of Target Award upon Vesting	0x	0.5x	1x	2x	3x

Mr. Tremblay is subject to a different long-term compensation program given his position as President, Taubman Asia Management Limited, the management company for the Company's expansion into China and South Korea. Details of his long term incentive program are detailed under "2014 Compensation - Mr. Tremblay."

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## 2014 RSU and Annual PSU Decisions

For 2014, the target long-term incentive percentage remained unchanged for the U.S. based NEO's. Additionally, Mr. Tremblay was awarded a one-time RSU retention grant that vests pro-rata over the next three years. The number of RSUs and Annual PSUs are determined by dividing the dollar award by the closing price of the common stock on the grant date.

The annual long-term incentive grants for the 2014 compensation program were as follows:

	Percent of 2014 Base Salary	2014 LTIP Award (\$)		Number of RSUs	Number of Annual PSUs
Robert S. Taubman	229.0%	2,065,042	è	14,636	14,636
Lisa A. Payne	177.4%	1,125,577	è	7,978	7,978
William S. Taubman	186.3%	1,125,757	è	7,979	7,979
David S. Joseph II	140.0%	721,000	è	5,110	5,110
Rene Tremblay*	N/A	600,000	è	8,505	N/A

\* Mr. Tremblay's employment agreement was amended in 2014 which included a one-time retention RSU grant that vests pro-ratably over three years. See page 45 for details.

## Companies Comprising the NAREIT Index - 2014 Annual PSU Peer Group

Acadia Realty Trust	General Growth Properties, Inc.	Retail Opportunity Investments
Agree Realty Corporation	Getty Realty Corp.	Retail Properties of America, Inc.
Alexander's, Inc.	Glimcher Realty Trust	Roberts Realty Investors, Inc.
American Realty Capital Properties, Inc.	Inland Real Estate Corporation	Rouse Properties, Inc.
AMREIT, Inc.	Kimco Realty Corporation	Saul Centers, Inc.
Brixmor Property Group, Inc.	Kite Realty Group Trust	Simon Property Group, Inc.
CBL & Associates Properties, Inc.	The Macerich Company	Spirit Realty Capital, Inc.
Cedar Realty Trust, Inc.	National Retail Properties, Inc.	Tanger Factory Outlet Centers, Inc.
DDR Corporation	Pennsylvania REIT	Urstadt Biddle Properties Inc.
Equity One, Inc.	Ramco-Gershenson Properties Trust	Weingarten Realty Investors
Excel Trust, Inc.	Realty Income Corporation	Wheeler REIT, Inc.
Federal Realty Investment Trust	Regency Centers Group	

Equity Compensation - Other Policies  
Stock Ownership Guidelines

Stock ownership guidelines are in place for all U.S. based senior executives and are intended to align the interests of executive management with those of our shareholders by requiring executives to be subject to the same long-term stock price volatility our shareholders experience.

Effective March 2013, the Committee revised the stock ownership guidelines for senior management, which resulted in an increase in the multiple of their salary required to be retained.

The revised guidelines require covered employees to hold the value of the Company's common stock equal to:

	Required Number of Shares Equivalent to*:
CEO	6x base salary
CFO	6x base salary
COO	6x base salary
All Other Executive Officers	3x base salary

\* Based on the average closing stock price of the 30 days prior to measurement period conducted February 1 of each year.

Linking Compensation to Stock Performance Guidelines tie the compensation of the U.S. NEOs to our stock performance, since the increase or decrease in our stock price impacts their personal holding. As of February 1, 2015, all of the NEOs exceeded their ownership targets, except for Mr. Joseph due to his recently-hired status.



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Until the requirement is satisfied, each senior management employee must retain at least 50% of the net shares that vest. However, once the requirement is satisfied initially, a senior management employee will not be subject to such retention requirement if the total value of the shares falls below the requirement solely due to a decline in the price of the Company's common stock.

Mr. Tremblay is excluded from the guidelines because he is not a regular participant in the Company's long-term incentive compensation program and due to his significant equity stake in Taubman Asia Management Limited.

### Timing and Pricing of Share-Based Grants

The Committee and Company do not coordinate the timing of share-based grants with the release of material non-public information. The Committee generally establishes dates for regularly scheduled meetings at least a year in advance, and share-based grants for senior management and other employees generally are granted at the regular Committee meetings in the first and/or second quarter each year.

In accordance with The Taubman Realty Group Limited Partnership 1992 Incentive Option Plan, as amended (the "1992 Option Plan"), and 2008 Omnibus Plan, the exercise price of an option is the closing price of the Company's common stock (as reported by the NYSE) on the date approved by the Committee to be the date of grant (which date is not earlier than the date the Committee approved such grant). The Committee is authorized to modify, extend or renew outstanding options, or accept the cancellation or surrender of such options, except to the extent such actions would constitute a repricing of options without satisfying the applicable shareholder approval requirements of NYSE. In particular, the 1992 Option Plan and the 2008 Omnibus Plan prohibit direct repricings (lowers the exercise price of an option) and indirect repricings (canceling an outstanding option and granting a replacement or substitute option with a lower exercise price, or exchanging options for cash, other options or other awards), subject to limited exceptions. In December 2014, as permitted by the equity plans without shareholder approval, the Company modified all outstanding option awards by decreasing the exercise price of each award by \$4.75 to ensure that holders were in a neutral economic position after giving effect to the payment of the special dividend of \$4.75 per common share resulting from the Starwood Transaction. With the exception of the decrease to the exercise price, all terms of the modified option awards remained the same as the original awards.

### Trading Limitations

In addition to the restrictions set forth in SEC regulations, the Company has an insider trading policy, which among other things, prohibits directors, executive officers and other employees from engaging in hedging or monetization transactions (such as zero-cost collars and forward sale contracts), short sales, trading in puts, calls, options or other derivative securities for speculative purposes or to separate the financial interest in such securities from the related voting rights with respect to the Company's stock. In addition, the policy prohibits pledging of Company securities or holding Company securities in a margin account, except in situations and on conditions preapproved by the General Counsel. At a minimum, such person must have the financial capacity to repay the applicable loan without resort to the margin or pledged securities.

### Other Benefits

The Company's executive officers, including all of the NEOs, are eligible to participate in a number of broad-based benefit programs, including health, disability, life insurance and retirement programs.

### Perquisites

The Company has historically maintained a conservative approach to providing perquisites to senior management. The available perquisites in 2014 were primarily additional benefits related to health programs and plans, as well as financial planning assistance. These perquisites have been carefully selected to ensure that there is an indirect benefit to the Company and that the value provided to employees is not excessive. Mr. Tremblay's perquisites are in-line with customary expatriate benefits and are noted in "2014 Compensation - Mr. Tremblay."

The Company leases a corporate plane for business use and was reimbursed by the Taubman family (including Messrs. Robert Taubman and William Taubman) for personal use of the corporate plane. Such persons are required to fully reimburse the Company for the incremental cost of such use, which is the aggregate of the following expenses related to each flight leg: total pilot and crew expenses (lodging, meals and transportation), fuel costs and landing fees. Therefore, the Company has no incremental cost in providing this benefit. During 2011, the Company signed a lease for a new plane, which was effective June 2011 and terminates in June 2018.



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Deferred Compensation Arrangements

The Company believes nonqualified deferred compensation arrangements are a useful tool to assist in tax planning and ensure retirement income for its NEOs. Existing deferred compensation arrangements do not provide for above-market or preferential earnings as defined under SEC regulations. The Company did not enter into any new nonqualified deferred compensation arrangements with its NEOs in 2014. See “Nonqualified Deferred Compensation for 2014” for information regarding those arrangements existing in 2014, as well as contributions, earnings, and withdrawals in 2014 and aggregate balances as of December 31, 2014.

Change of Control and Employment Agreements

See “Potential Payments Upon Termination or Change-in-Control” for a description of potential payments and benefits to the NEOs under the Company’s compensation plans and arrangements upon termination of employment or a change of control of the Company.

Employment and Change of Control Agreements provide employees with a guaranteed level of financial protection upon loss of employment. The Company believes that providing for such income continuity results in greater management stability and lower unwanted management turnover. Agreements protect the Company and the NEOs from risks by providing:

- Economic stability
- Death or disability payments
- Payments and benefits in the event of a change in control
- Acceleration of equity in the event of a change in control

Change of Control Agreements

The Company and TRG are party to change of control agreements with certain members of senior management, including Ms. Payne and Mr. Joseph. Messrs. Robert and William Taubman do not have change of control agreements. The change of control agreements were originally entered into in connection with a hostile takeover bid in 2003. The Committee believes these agreements were instrumental in the continued success of the Company during such period and would be instrumental in the success of the Company in the event of any future hostile takeover bid. The Committee believes that such agreements are in the best interests of the Company and its shareholders to ensure the continued dedication of employees, notwithstanding the possibility, threat or occurrence of a change of control. Further, it is imperative to diminish the inevitable distraction of such employees by virtue of the personal uncertainties and risks created by a pending or threatened change of control, and to provide such employees with compensation and benefits arrangements upon a change of control that ensure that such employees' compensation and benefits expectations will be satisfied and such compensation and benefits are competitive with those of other companies.

A fundamental feature of these agreements is that most of the benefits have a “double-trigger,” which requires a change of control and the actual or constructive termination of employment, in this case within three years from such trigger event. The only exceptions relate to vesting of share-based awards, which the Committee believes is appropriate due to the significant investment change that would likely result from converting such shares into awards of the surviving company. In early 2014, all change of control agreements were amended to remove the full tax gross up feature that had existed since 2003, and instead provide for a “best net” alternative. If the payments and benefits received under the agreement subject the participant to an excise tax, then the payments will be reduced to the extent necessary so that no amount will be subject to the excise tax if the net amount of these payments is greater than or equal to the payments after all applicable taxes, including the excise tax.

Employment Agreements

Ms. Payne is party to an employment agreement with the Company, initially entered into in 1997, that provides for specified severance benefits. This employment agreement was entered into in order to recruit Ms. Payne in a competitive market for her services, and the Committee continues to believe the potential severance benefits are consistent with its original objectives and are within current market practices.

In April 2013, the Company entered into a two-year agreement with Mr. Joseph regarding his employment as then Senior Vice President, Leasing of the Manager. The agreement will automatically terminate after two years, unless it is renewed or extended by the parties in writing.



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2014 Compensation - Mr. Tremblay

Mr. Tremblay is subject to a significantly different long-term compensation program given his position as President of Taubman Asia Management Limited, the management company for the Company's expansion into China and South Korea. Mr. Tremblay was initially hired in October 2010 pursuant to an employment agreement negotiated in a competitive market for persons with expertise in real estate in the Asia-Pacific region. Further, Mr. Tremblay's sole managerial responsibilities relate to opportunities and operations in Taubman Asia Management Limited.

Operating Agreement

In connection with his hire, Mr. Tremblay obtained a 10% ownership interest in Taubman Properties Asia LLC, a consolidated subsidiary of the Company. The operating agreement for such entity specifies, among other things, his rights and obligations related to dividends, capital contributions, puts and calls. As a result of such equity interest, the Committee determined that Mr. Tremblay would not participate in the Company's long-term incentive program on an annual basis as utilized for senior management.

Employment Agreement

In October 2010, the Company entered into an employment agreement with Mr. Tremblay with the initial term ending December 31, 2015. Mr. Tremblay also agreed to serve on the board of directors of Taubman Asia's management company for the term of his employment. The employment agreement was amended in April 2014 so that his employment would be extended through 2017 due to the development activity in Asia and also allow for a transition period.

The amended employment agreement provides for an annual base salary of \$1,000,000, with consideration of upward adjustments to be reviewed annually. The agreement also provides Mr. Tremblay with an annual target bonus of 40% of his base salary. The target amount is paid pro-rata on a monthly basis and, based on performance, can be adjusted higher or lower at the end of the year with a clawback provision. Mr. Tremblay also received a one-time grant of RSU's of \$600,000 that will vest pro-ratably over three years through the end of his agreement in 2017. In addition, Mr. Tremblay received the following perquisites in 2014: housing costs and related insurance, personal expenses, club membership, travel, automobile and related insurance, life insurance premium, long-term disability benefits, and supplemental medical benefits.

For a description of severance benefits and other terms, see "Named Executive Officer Compensation Tables-Potential Payments Upon Termination or Change-in-Control."

Policy Regarding Retroactive Adjustments

Section 304 of the Sarbanes-Oxley Act of 2002 requires a company to claw back certain incentive-based compensation and stock profits of the Chief Executive Officer and Chief Financial Officer if the company is required to prepare an accounting restatement due to the material noncompliance of the company, as a result of misconduct, with any financial reporting requirement under the securities laws. Effective December 2014, a Clawback Policy was also approved (page 35).



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Accounting and Tax Considerations

Deductibility of Executive Officer Compensation

Section 162(m) of the Internal Revenue Code of 1986, as amended (the “IRC”), provides that subject to certain exceptions (the most significant of which is performance-based compensation), a publicly-held corporation may not deduct compensation exceeding \$1 million in any one year paid to its chief executive officer and its three other most highly compensated executive officers (excluding the chief financial officer). However, the Company's chief executive officer and all of its other executive officers are employed by the Manager, and Section 162(m) does not apply to the Manager because it is a partnership for federal income tax purposes. The executive officers perform limited services for the Company pursuant to a services agreement between the Company and the Manager. The Committee does not anticipate that any portion of the Manager's compensation expense that may be allocable to the Company will be limited by Section 162(m). Even if the Company's compensation expense deduction were limited by Section 162(m), as long as the Company continues to qualify as a real estate investment trust under the IRC, the Company believes the payment of non-deductible compensation should not have a material adverse impact on the Company or its shareholders. For these reasons, the Committee's compensation policies and practices are not materially guided by considerations relating to Section 162(m).

Nonqualified Deferred Compensation

Section 409A of the Code provides that amounts deferred under nonqualified deferred compensation arrangements will be included in an employee's income when vested unless certain conditions are met. If the conditions are not satisfied, amounts subject to such arrangements will be immediately taxable and employees will be subject to income tax on the compensation subject to the arrangement, an additional tax of 20%, and an additional interest-based tax. The Company believes that all of the Company's employment, severance and other compensation arrangements are either (i) exempt from Section 409A's requirements, or (ii) to the extent such arrangements constitute nonqualified deferred compensation arrangements, they satisfy the requirements of Section 409A.

Change in Control Payments

Section 280G of the IRC disallows a Company's tax deduction for “excess parachute payments,” generally defined as payments to specified persons that are contingent upon a change of control in an amount equal to or greater than three times the person's base amount (the five-year average of Form W-2 compensation). Additionally, IRC Section 4999 imposes a 20% excise tax on any person who receives excess parachute payments. The Company's share-based plans entitle participants to payments in connection with a change in control that may result in excess parachute payments. Further, Mr. Joseph and Ms. Payne have employment agreements and/or change in control agreements which entitle them to payments upon termination of their employment following a change in control of the Company that may constitute excess parachute payments. As noted earlier, the change in control agreements have been amended to eliminate the full gross up provision and instead provide for a “best-net” determination.

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COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Company has reviewed and discussed the CD&A in this proxy statement with management, including the Chief Executive Officer. Based on such review and discussion, the Compensation Committee recommended to the Board of Directors that the CD&A be included in the Company's annual report on Form 10-K for the year ended December 31, 2014 and this proxy statement for the annual meeting.

The Compensation Committee

Craig M. Hatkoff, Chairman

Jerome A. Chazen

Peter Karmanos, Jr.

Ronald W. Tysoe

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of the members of the Compensation Committee is or has been an officer or an employee of the Company. In addition, during 2014, none of the Company's executive officers served on the board of directors or compensation committee (or committee performing equivalent functions) of any other company that had one or more executive officers serving on the Board or Compensation Committee.

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## NAMED EXECUTIVE OFFICER COMPENSATION TABLES

## Summary Compensation Table

The table below summarizes the total compensation paid or earned by the named executive officers in 2014, 2013 and 2012.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)	Option Awards (\$)(2)	Non-Equity Incentive Plan Compensation (\$)(3)	All Other Compensation (\$)(4)	Total (\$)
Robert S. Taubman	2014	901,765	—	2,733,108	1,375,018	1,000,000	31,060	6,040,951
Chairman,	2013	875,500	—	2,234,932	—	1,422,688	40,536	4,573,656
President and CEO	2012	850,000	—	7,703,119	—	1,700,000	39,853	10,292,972
Lisa A. Payne	2014	634,485	—	1,489,829	—	700,000	31,060	2,855,374
Vice Chairman and CFO	2013	616,005	—	1,218,218	—	754,298	35,011	2,623,532
	2012	598,063	—	4,198,629	—	803,199	40,853	5,640,744
William S. Taubman	2014	604,271	—	1,489,986	761,664	425,000	31,060	3,311,981
Chief Operating Officer	2013	586,671	—	1,218,218	—	602,512	33,712	2,441,113
	2012	569,584	—	4,198,629	—	787,451	39,853	5,595,517
René Tremblay	2014	1,000,000	—	602,181	—	575,000	593,491	2,770,672
President	2013	716,609	551,200	—	—	385,840	629,803	2,283,452
(Taubman Asia)	2012	685,750	527,500	—	—	342,875	574,451	2,130,576
David S. Joseph II	2014	515,000	—	945,259	—	515,000	77,846	2,053,105
Executive Vice President, Leasing (the Manager)	2013	336,111	75,000	3,122,004	—	580,000	489,242	4,602,357

The amounts reported consist of (i) the grant-date fair value (excluding the effect of estimated forfeitures) of RSUs and PSUs granted under the 2008 Omnibus Plan and (ii) the incremental fair value from the modification of (1) unvested RSUs and PSUs, granted under the 2008 Omnibus Plan, in connection with the declaration of a special dividend in December 2014 (See “Modification of Unvested and Unexercised Awards” below). The fair value in 2014 for each named executive officer is set forth in the table below.

Name	Grant-Date Fair Value of Awards Granted in 2014		Incremental Fair Value of Awards Modified in 2014	
	RSUs (\$)	PSUs (\$)	RSUs (\$)	PSUs (\$)
Robert S. Taubman	935,972	1,362,173	191,981	242,982
Lisa A. Payne	510,193	742,512	104,644	132,479
William S. Taubman	510,257	742,606	104,644	132,479
René Tremblay	562,918	---	39,264	---
David S. Joseph II	326,785	475,588	55,927	86,960

Valuation assumptions used in determining the grant-date fair value of 2014 awards, as well as the incremental fair value of the modified awards in 2014, are included in note 13 of the Company's audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

The grant-date fair value of the PSUs granted in 2014 reflects the projected outcome of the award under accounting rules. The relative total shareholder return feature of the PSU awards represents a “market condition” under applicable accounting requirements. As such, the grant-date fair value of the award must reflect the probabilities of all possible outcomes of the market condition as they existed at that date. To that end, the Company employed a valuation method that statistically simulated an expected total shareholder return performance relative to the comparator group and determined the corresponding number of the contingent awards that would result. For the Annual PSUs, the simulation also takes into account the Company's common stock price at the grant date less the present value of the expected dividends during the vesting period, a risk-free interest rate of 0.70%, and a measurement period of three years. The single grant-date fair value computed by this valuation method is recognized by the Company in accounting for the awards regardless of the actual future outcome of the relative total shareholder return feature. Therefore, there is no separate maximum grant-date fair value reported with respect to the PSUs.

The grant-date fair value of each RSU granted in 2014 is calculated as the closing price of the Company's common stock as of the grant date, less the present value of the expected dividends during the vesting period using a risk-free interest rate of 0.70%.

The amounts reported consist of the incremental fair value from the modification of outstanding option awards (by reducing the exercise price by the amounts of the special dividend per common share of \$4.75) under the 1992 Incentive Option Plan in connection with the declaration of a special dividend in December 2014 (See (2) “Modification of Unvested and Unexercised Awards” below). Valuation assumptions used in determining the incremental fair value of the modified awards in 2014 are included in note 13 of the Company's audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

(3) The amounts earned in 2014, consisting of payments earned under the 2014 annual bonus program, were approved by the Committee on March 9, 2015. Payment of such bonus occurred on March 13, 2015.

Amounts for 2014 (excluding Mr. Tremblay) include: \$21,060 contributed by the Company to such person's account in the 401(k) Plan. Also included are the following perquisites: Robert Taubman (financial planning); Ms. Payne (financial planning); and William Taubman (financial planning). For Mr. Tremblay, amounts for 2014 (4) include: housing costs and related insurance (\$332,627), personal expenses (\$190,000), club membership, travel, automobile and related insurance (\$8,448), life insurance premium (\$6,079), long-term disability benefits (\$25,735) and supplemental medical benefits (\$30,602). For Mr. Joseph, amounts in 2014 include: relocation expenses (\$55,786), and health club membership dues (\$1,000).

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Narrative Discussion of Summary Compensation Table

Employment Agreements - Ms. Payne and Mr. Joseph. Mr. Joseph is a named executive officer only in 2013 and 2014 and therefore the Summary Compensation Table is only required to include his compensation information for 2013 and 2014. Mr. Joseph received a pro rata portion of his base salary in 2013 based on his date of hire as of April 29, 2013. He also received a one-time starting bonus of \$75,000 which is reported in the "Bonus" column.

See "Potential Payments Upon Termination or Change-in-Control" for a description of the material terms of the employment agreements of Ms. Payne and Mr. Joseph.

Employment Agreement and Related Agreements - Mr. Tremblay. Mr. Tremblay is subject to a different compensation program than the other named executive officers, as further described in "Compensation Discussion and Analysis-2014 Compensation-Mr. Tremblay." Pursuant to his revised employment agreement, Mr. Tremblay participated in the 2014 Annual Bonus Program and he received a one-time grant of RSU's of \$600,000 that will vest pro-ratably over three years through the end of his employment agreement in 2017.

In 2012 and 2013, Mr. Tremblay had a guaranteed bonus of \$527,500 and \$551,200, respectively, which are reported in the "Bonus" column. Mr. Tremblay received additional discretionary bonuses in 2012 and 2013 of \$342,875 and \$385,840, respectively, in light of the overall strong performance of Taubman Asia, which are reported in the "Non-Equity Incentive Plan Compensation" column.

See "Potential Payments Upon Termination or Change-in-Control" for additional information regarding the material terms of Mr. Tremblay's employment agreement with Taubman Asia Management Limited and the operating agreement for Taubman Properties Asia LLC.

Annual Stock Awards - Long-Term Incentive Program. In 2012, 2013, and 2014, stock awards were made under the long-term incentive program, pursuant to which 50% of the dollar value of the long-term incentive award was paid in RSUs and 50% of the dollar value of the long-term incentive award was paid in Annual PSUs. The number of RSUs and Annual PSUs were determined by dividing the dollar award by the closing price of the common stock on the grant date.

Annual PSUs represent a contingent number of units of stock granted at the beginning of a specified performance cycle, with the actual payout of units at 0% to 300% of the target grant amount based on the Company's relative performance against the NAREIT Index with respect to total shareholder return over a three-year period.

Mr. Joseph received initial Annual RSU and PSU awards on April 29, 2013, with customary vesting conditions, related to his hiring in April 2013. He also received a Special RSU award on the same date, with pro rata vesting on March 1, 2014 and 2015, respectively.

Modification of Unvested and Unexercised Awards - On December 2, 2014, the Board of Directors of Taubman Centers, Inc., declared a special cash dividend of \$4.75 per common share payable on December 31, 2014. Because the Company's long-term incentive award agreements did not contemplate a special dividend to shareholders, the Board of Directors approved an adjustment to all outstanding equity awards that would ensure plan participants are not disadvantaged by the special dividend. Accordingly, the Company's NEO's received an adjustment on all unvested RSUs and PSUs. The modification was also applied to all outstanding options, the majority of which were held by Robert Taubman and William Taubman. The intent of the adjustment was to maintain the intrinsic value of each executive's outstanding awards, taking into account the likely impact of the dividend on the Company's stock price. Non-Equity Incentive Plan Compensation (excluding Mr. Tremblay for 2012 and 2013). The amounts earned in 2012, 2013 and 2014 consisted of payments earned under the annual bonus program.

Special PSU Grants. In 2012, discretionary Special PSU awards were made to the named executive officers and certain other senior management. Special PSUs represent a contingent number of units of stock granted at the beginning of a specified performance cycle, with the actual payout of units at 0% to 400% of the target grant amount based on the Company's relative performance against the NAREIT Index with respect to total shareholder return over a five-year period.

Mr. Joseph received a Special PSU award on April 29, 2013, which vests together with the Special PSU awards granted to other named executive officers in 2012.



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## Grants of Plan-Based Awards in 2014

The following table provides information about equity and non-equity awards granted to the NEOs in 2014.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Stock Awards: Number of Shares of Stock or Units (#)(3)	Grant Date Fair Value of Stock and Option Awards (\$)(4)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
Robert S. Taubman	N/A	—	1,127,207	—	—	—	—	—	—
	3/5/2014	—	—	—	—	—	—	14,636	935,972
	3/5/2014	—	—	—	—	14,636	43,908	—	1,362,173
	12/2/2014	—	—	—	—	—	—	899	67,137
	12/2/2014	—	—	—	—	—	—	820	59,417
	12/2/2014	—	—	—	—	—	—	932	65,426
	12/2/2014	—	—	—	—	899	2,697	—	1,411
	12/2/2014	—	—	—	—	820	2,460	—	23,952
	12/2/2014	—	—	—	—	932	2,796	—	90,283
Lisa A. Payne	N/A	—	501,244	—	—	—	—	—	—
	3/5/2014	—	—	—	—	—	—	7,978	510,193
	3/5/2014	—	—	—	—	7,978	23,934	—	742,512
	12/2/2014	—	—	—	—	—	—	490	36,593
	12/2/2014	—	—	—	—	—	—	447	32,390
	12/2/2014	—	—	—	—	—	—	508	35,662
	12/2/2014	—	—	—	—	490	1,470	—	769
	12/2/2014	—	—	—	—	447	1,341	—	13,057
	12/2/2014	—	—	—	—	508	1,524	—	49,210
William S. Taubman	N/A	—	477,375	—	—	—	—	—	—
	3/5/2014	—	—	—	—	—	—	7,979	510,257
	3/5/2014	—	—	—	—	7,979	23,937	—	742,606
	12/2/2014	—	—	—	—	—	—	490	36,593
	12/2/2014	—	—	—	—	—	—	447	32,390
	12/2/2014	—	—	—	—	—	—	508	35,662
	12/2/2014	—	—	—	—	490	1,470	—	769
	12/2/2014	—	—	—	—	447	1,341	—	13,057
	12/2/2014	—	—	—	—	508	1,524	—	49,210
René Tremblay	N/A	—	400,000	—	—	—	—	—	—
	3/5/2014	—	—	—	—	—	—	8,505	562,918
	12/2/2014	—	—	—	—	—	—	542	39,264
David S. Joseph II	N/A	—	412,000	—	—	—	—	—	—
	3/5/2014	—	—	—	—	—	—	5,110	326,785

3/5/2014	—	—	—	—	5,110	15,330	—	475,588
12/2/2014	—	—	—	—	—	—	166	12,028
12/2/2014	—	—	—	—	—	—	290	21,013
12/2/2014	—	—	—	—	—	—	326	22,885
12/2/2014	—	—	—	—	290	870	—	8,471
12/2/2014	—	—	—	—	326	978	—	31,580
12/2/2014	—	—	—	—	662	2,648	—	46,909

(1) The amounts in this column relate to the 2014 annual bonus program.

Awards in this column relate to Annual PSUs and the additional PSUs granted as a result of the modification of (2) unvested PSU awards following the declaration of a special dividend in December 2014 (“Modified PSUs”). All awards were made under the 2008 Omnibus Plan.

All awards in this column relate to RSUs and the additional RSUs granted as a result of the modification of (3) unvested RSU awards following the declaration of a special dividend in December 2014 (“Modified RSUs”). All awards were made under the 2008 Omnibus Plan.

See Note 1 to the Summary Compensation Table for information regarding the grant-date fair value or incremental fair value of each award. Each RSU awarded on March 5, 2014 had a grant-date fair value of \$63.95 and each PSU had a grant-date fair value of \$93.07 except for Mr. Tremblay’s RSU that had a grant-date fair value of \$66.19.

Modified RSUs granted on December 2, 2014 had a grant-date fair value for each unit as follows: \$74.68 for RSUs (4) vesting on March 1, 2015, \$72.46 for RSUs vesting on March 1, 2016 and \$70.20 for RSUs vesting on March 1, 2017 except for Mr. Tremblay’s modified RSU award that had a grant-date fair value of \$72.44. Modified PSUs granted on December 2, 2014 had a grant-date fair value for each unit as follows: \$1.57 for PSUs vesting on March 1, 2015, \$29.21 for PSUs vesting on March 1, 2016 and \$96.87 for PSUs vesting on March 1, 2017 and \$70.86 for each special PSU vesting March 1, 2017.



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Narrative Discussion of Grants of Plan-Based Awards in 2014

Annual Bonus Program. In 2014, the Compensation Committee established a minimum level of FFO per share and Comparable Center NOI growth before funding the bonus pool, and established additional performance measures as guidelines above the threshold amounts to assist in establishing the final bonus pool.

The Committee utilizes a target cash bonus pool for senior management, which consists of the aggregate target cash bonuses of each member of senior management. Cash bonuses earned by each member of senior management are determined by the Committee upon its allocation of the earned cash bonus pool for senior management based on the Committee's subjective analysis of an individual's performance and other factors it deems relevant. Since there was no maximum established for the target bonus pool or the allocation of bonus amounts to individual members of senior management, the Company has determined not to disclose a maximum amount in the table above. Earned bonus amounts for 2014 were approved by the Committee on March 9, 2015; such amounts are reported in the "Non-Equity Incentive Plan Compensation" column of the "Summary Compensation Table."

Modified RSUs and Modified PSUs. The Modified RSUs and Modified PSUs each will vest on the same date as the respective original award. See "Modification of Unvested and Unexercised Awards" in the narrative discussion of the Summary Compensation Table for additional information.

Long-Term Incentive Program. 50% of the dollar value of the long-term incentive award was paid in RSUs and 50% of the dollar value of the long-term incentive award was paid in PSUs. The number of RSUs and Annual PSUs are determined by dividing the dollar award by the closing price of the common stock on the grant date.

Restricted Share Unit Awards. Each RSU represents the right to receive upon vesting one share of the Company's common stock. All RSUs granted in 2014 provide for vesting on March 1, 2017, except for the Modified RSUs.

Annual Performance Share Unit Awards. Annual PSUs represent a contingent number of units of stock granted at the beginning of a specified performance cycle, with the actual payout of units at 0% to 300% of the target grant amount based on the Company's relative performance against members of a comparator group with respect to total shareholder return over a three-year period. Each PSU represents the right to receive upon vesting one share of the Company's common stock. The Annual PSU grants in 2014 utilize total shareholder return over a three-year period beginning March 5, 2014 and ending March 1, 2017 as the performance period. Total shareholder return is measured using the 30-day average stock price before the beginning and end of the performance period to mitigate volatility for all comparator group members. All Annual PSUs granted in 2014 provide for vesting on March 1, 2017, subject to the terms of such award, except for the Modified PSUs.

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## Outstanding Equity Awards at December 31, 2014

The following table provides information on the current holdings of option and stock awards by the named executive officers as of December 31, 2014.

Name	Grant Date	Option Awards					Value of Unexercised In-The-Money Options/SARs at Fiscal Year End (\$)(2)(3)	Stock Awards		Equity Incentive Plan Awards: Number of Shares, Units or Rights That Have Not Vested (#)(4)	Equity Incentive Plan Awards: Market Value of Unearned Shares, Units or Rights That Have Not Vested (\$)(2)
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying	Option Exercise Price (\$)(1)	Option Expiration Date		Number of Shares or Units of Stock That Have Not Vested (#)(2)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(2)		
Robert S. Taubman	Various	—	—	—	—	—	—	44,284	3,384,183	—	—
	3/5/2014	—	—	—	—	—	—	—	—	46,704	3,569,120
	3/3/2013	—	—	—	—	—	—	—	—	41,091	3,140,174
	2/29/2012	—	—	—	—	—	—	—	—	45,057	3,443,256
	2/29/2012	—	—	—	—	—	—	—	—	120,144	9,181,404
	2/27/2008	68,115	—	—	45.90	2/27/2018	2,078,870	—	—	—	—
	3/7/2007	60,376	—	—	51.15	3/7/2017	1,525,702	—	—	—	—
	3/8/2006	79,723	—	—	35.64	3/8/2016	3,251,104	—	—	—	—
5/18/2005	99,202	—	—	26.56	5/18/2015	4,946,212	—	—	—	—	
Lisa A. Payne	Various	—	—	—	—	—	—	24,138	1,844,626	—	—
	3/5/2014	—	—	—	—	—	—	—	—	25,458	1,945,500
	3/3/2013	—	—	—	—	—	—	—	—	22,398	1,711,655
	2/29/2012	—	—	—	—	—	—	—	—	24,558	1,876,722
	2/29/2012	—	—	—	—	—	—	—	—	65,488	5,004,593
William S. Taubman	Various	—	—	—	—	—	—	24,139	1,844,702	—	—
	3/5/2014	—	—	—	—	—	—	—	—	25,461	1,945,730
	3/3/2013	—	—	—	—	—	—	—	—	22,398	1,711,655
	2/29/2012	—	—	—	—	—	—	—	—	24,558	1,876,722
	2/29/2012	—	—	—	—	—	—	—	—	65,488	5,004,593
	2/27/2008	39,882	—	—	45.90	2/27/2018	1,217,199	—	—	—	—
	3/7/2007	34,213	—	—	51.15	3/7/2017	864,563	—	—	—	—
	5/15/2006	4,473	—	—	35.50	5/15/2016	183,035	—	—	—	—
	3/8/2006	42,338	—	—	35.64	3/8/2016	1,726,544	—	—	—	—
	5/18/2005	49,825	—	—	26.56	5/18/2015	2,484,275	—	—	—	—
Various	—	—	—	—	—	—	9,047	691,372	—	—	

René Tremblay											
David S. Joseph II	Various	—	—	—	—	—	—	13,038	996,364	—	—
	3/5/2014	—	—	—	—	—	—	—	—	16,308	1,246,257
	4/29/2013	—	—	—	—	—	—	—	—	14,514	1,109,160
	4/29/2013	—	—	—	—	—	—	—	—	44,224	3,379,598

(1) Reflects the reduction of the per share exercise price by \$4.75 as a result of the modification of unexercised stock options following the declaration of a special dividend of \$4.75 per common share on December 2, 2014.

(2) Based upon the closing price of the Company's common stock on the NYSE on December 31, 2014 of \$76.42.

(3) The RSUs vest as follows:

Name	March 1,		
	2015	2016	2017
Robert S. Taubman	15,019	13,697	15,568
Lisa A. Payne	8,186	7,466	8,486
William S. Taubman	8,186	7,466	8,487
René Tremblay	3,015	3,016	3,016
David S. Joseph II	2,764	4,838	5,436

(4) Assumes the achievement of the maximum performance goal, which would result in (i) a 300% payout of the target PSU grant and (ii) 400% payout of the target Special PSU grant.

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## Option Exercises and Stock Vested in 2014

The following table provides information about the value realized by the NEOs on the vesting of stock awards in 2014. No options were exercised by the NEOs in 2014.

Name	Option Awards		Stock Awards(1)	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Robert S. Taubman	—	—	41,480	2,924,889
Lisa A. Payne	—	—	25,141	1,772,773
William S. Taubman	—	—	25,141	1,772,773
René Tremblay	—	—	—	—
David S. Joseph II	—	—	2,599	183,100

(1) Represents the vesting of RSUs and PSUs which all vested on March 1, 2014. The value realized for purposes of the table is based upon the number of shares of common stock received upon vesting multiplied by the closing price of the common stock on the NYSE on February 28, 2014. The closing price of the common stock was \$70.45.

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## Nonqualified Deferred Compensation in 2014

The Company had the following nonqualified deferred compensation arrangements in 2014 relating to the NEOs:  
Supplemental Retirement Savings Plan

This plan provided benefits to senior management in the form of Company contributions which would have been payable under the tax-qualified retirement plan (The Taubman Company and Related Entities Employee Retirement Savings Plan, the “401(k) plan”) but for the reduction in recognizable compensation as required by the IRC. The plan was “frozen” for NEO’s on June 30, 2013; participants retain the right to their account balance as of that date, but no new contributions will be made. The Company will continue to credit earnings at a rate of 1% above the prime rate of return established by JPMorgan Chase Bank, N.A.

## Robert Taubman’s Deferral of TRG Units

Pursuant to an option deferral agreement entered into in December 2001 amount the Manager, TRG and Robert Taubman, Mr. Taubman deferred his right to receive 871,262 TRG units pursuant to an incentive option granted to Mr. Taubman in 1992 that he exercised in 2002. Until the Deferred TRG units are distributed in full, r. Taubman receives distribution equivalents on the Deferred TRG units in the form of cash payments as and when TRG makes distributions on actual units outstanding. Beginning with the earlier of Mr. Taubman’s cessation of employment for any reason or the ten-year anniversary of the date of exercise, actual TRG units will be paid to Mr. Taubman in ten annual installments. In January 2011, an amendment to the option deferral agreement extended the issuance of the deferred units to begin in December 2017. The deferral agreement will terminate and actual TRG units will be paid to Mr. Taubman in a single distribution upon a change of control of TRG if followed by Mr. Taubman’s termination of employment within six months of such change of control.

## Nonqualified Deferred Compensation in 2014

The table below provides information on the nonqualified deferred compensation of the NEOs in 2014.

Name	Plan	Executive Contributions in Last FY (\$)	Registrant Contributions in Last FY (\$)(1)	Aggregate Earnings (Loss) in Last FY (\$)(2)	Aggregate Withdrawals/ Distributions (\$)(3)	Aggregate Balance at Last FYE \$(4)
Robert S. Taubman	Supplemental Retirement Savings Plan	—	—	11,892	—	286,284
	Option Deferral Agreement	—	—	10,890,775 (5)	6,017,747	66,581,842
Lisa A. Payne	Supplemental Retirement Savings Plan	—	—	8,084	—	194,619
William S. Taubman	Supplemental Retirement Savings Plan	—	—	11,082	—	266,784
René Tremblay	—	—	—	—	—	—
David S. Joseph II	—	—	—	—	—	—

(1) The Company's contributions to the supplemental retirement savings plan ended in 2013.

(2) None of the earnings set forth in the table are above-market or preferential, and therefore none of such amounts are reflected in the Summary Compensation Table.

(3) Withdrawals and distributions are not reflected in the Summary Compensation Table. Aggregate distribution includes \$4.75/unit special distribution.

For Messrs. Robert Taubman and William Taubman and Ms. Payne, \$71,902, \$65,078 and \$66,377, respectively, (4) was reported in the Summary Compensation Table since 2006 as compensation, in aggregate, all of which related to the Company's contributions to the supplemental retirement savings plan.

(5) Represents a gain due to a \$12.50 per share increase in the common stock price. The share price increase is with respect to the options previously exercised and the deferral of the underlying TRG units.



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### Potential Payments Upon Termination or Change-in-Control

The following section describes and quantifies potential payments and benefits to the NEOs under the Company's compensation and benefit plans and arrangements upon termination of employment or a change of control of the Company.

Each of Ms. Payne and Mr. Joseph is party to an employment agreement and change of control employment agreement with the Company. Mr. Tremblay is party to an employment agreement and an operating agreement with subsidiaries of the Company. Robert Taubman and William Taubman have not entered into such agreements. Certain of the Company's compensatory plans contain provisions regarding the acceleration of vesting and payment upon specified termination events; see "-Company Share-Based Plans" below. In addition, the Committee may authorize discretionary severance payments to its NEOs upon termination.

### Company Share-Based Plans

1992 Option Plan. The Committee is authorized to accelerate the vesting of options at any time more than six months after the grant date. The Committee is also permitted to modify, extend or renew outstanding options, or accept the cancellation or surrender of such options, except to the extent such actions would constitute a repricing of options without satisfying the applicable shareholder approval requirements of the NYSE.

If a participant's employment is terminated for cause, all vested and unvested options will be forfeited as of the termination date.

If a participant's employment with the Company is terminated for any reason, other than the death, disability, or retirement of such employee or for cause, (A) the participant's options that have not vested as of such termination date will be forfeited, and (B) the participant shall have 90 days (or such other period in the Committee's discretion) from the termination date to exercise vested options, subject to specified limitations.

Options held by an employee who dies while employed will vest immediately, and the beneficiary will have 730 days to exercise such options. Options held by an employee that becomes disabled or retires will also vest immediately upon such trigger event, and will be exercisable any time prior to the tenth anniversary of the date of grant.

Options will vest immediately upon the termination (without renewal) of the Manager's services agreement with TRG, upon any change in control of TRG, or upon TRG's permanent dissolution.

2008 Omnibus Plan. The Committee has the authority to accelerate vesting of any of the applicable awards at any time.

The RSUs will vest immediately if a participant's employment with the Company is terminated for death, disability or retirement of such employment, or upon a change of control of TRG. Beginning with 2014 awards, RSUs will also vest immediately upon a lay-off in connection with a reduction in force. If a participant's employment with the Company is terminated for any other reason, the RSUs that have not vested as of such date will be forfeited.

Except with respect to the Special PSU awards, the PSUs will vest immediately if a participant's employment with the Company is terminated for death, disability or retirement of such employment, or upon a change of control of TRG. Beginning with 2014 awards, PSUs will also vest immediately upon a lay-off in connection with a reduction in force. The multiplier applicable to such vesting will be determined in the same manner as set forth in the award, although the vesting date will be substituted by the date of such vesting condition; provided, that, upon death, disability or retirement, the multiplier shall be one times if such vesting event occurs less than one year from the grant date. If a participant's employment with the Company is terminated for any other reason, the PSUs that have not vested as of such date will be forfeited.

The Special PSU awards will vest immediately if a participant's employment with the Company is terminated for death or disability, or upon a change of control of TRG. The multiplier applicable to such vesting will be determined in the same manner as set forth in the award, although the vesting date will be substituted by the date of such vesting condition; provided, that, upon death or disability, the multiplier shall be one times if such vesting event occurs less than one year from the grant date. If a participant's employment with the Company is terminated for any other reason, the PSUs that have not vested as of such date will be forfeited.





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Deferred Compensation Plans and Arrangements

Supplemental Retirement Savings Plan. Each NEO (except Mr. Tremblay and Mr. Joseph) participated in the plan until it was frozen in June 2013. No withdrawals are permitted under the plan during employment. As soon as practicable following the termination of employment for any reason, the employee must elect a lump-sum payment (to be paid no earlier than one year following such termination date) or annual installments (such first installment to be paid no earlier than one year following the last day of the month of termination); however, in its sole discretion, the Company may accelerate such payment plan. The acceleration provisions will be amended as necessary to comply with the new tax rules applicable to nonqualified deferred compensation arrangements. In the event the employee dies before distribution of all amounts, the beneficiary may change the form of payment with the consent of the Company.

Robert Taubman's Deferral of TRG Units. Beginning with the earlier of Mr. Taubman's cessation of employment for any reason or the ten-year anniversary of the date of exercise, the TRG units will be paid to Mr. Taubman in ten annual installments. In January 2011, an amendment to the option deferral agreement extended the issuance of the deferred units to begin in December 2017. The deferral agreement will terminate and the Deferred TRG units will be paid to Mr. Taubman in a single distribution of TRG units upon a change of control of TRG if followed by Mr. Taubman's termination of employment within six months of such change of control.

Change of Control Employment Agreements

The agreements have three-year terms that automatically extend for an additional year on each anniversary of the first day of their terms unless a notice not to extend is given by the Company at least 60 days prior to the renewal date. If a change of control of the Company occurs during the term of the agreement, then the agreements become operative for a fixed three-year period commencing on the date of the change of control and supersede any other employment agreement between the Company and any of its affiliates, on the one hand, and the executive, on the other.

Each agreement provides generally that the executive's terms and conditions of employment, including position, location, compensation and benefits, will not be adversely changed during the three-year period after a change of control. In addition, each agreement also provides that upon a change of control or a termination of employment in anticipation of a change of control, all of the executive's share-based compensation awards that are outstanding on the date of the change of control will vest and, in specified circumstances, will become exercisable or payable.

After a change of control, if the executive's employment is terminated for cause, the executive will generally be entitled to receive:

- accrued and unpaid compensation and benefits; and
- other vested benefits in effect on the date of the termination.

After a change of control, if the executive's employment is terminated by reason of the person's death or disability, the executive or his or her beneficiary or estate will generally be entitled to receive:

- the amounts noted above for termination for cause; and
- an annual cash bonus for the year in which the termination of employment occurs, pro-rated through the date of termination.

After a change of control, if the executive's employment is terminated by the Company other than for cause, death or disability, or if the executive resigns for good reason, or upon certain terminations in connection with or in anticipation of a change of control, the executive will generally be entitled to receive:

- the amounts noted above for termination by reason of death or disability;
- two and a half times the executive's annual base salary and annual cash bonus;
- continued welfare benefits and perquisites for at least thirty months; and
- outplacement services for one year.

The annual cash bonus portion of this severance amount will be based on the higher of the highest award paid to the executive during the three years prior to the change of control or the most recent award paid to the executive prior to the date of termination of employment.

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The change in control agreements have been amended to eliminate a full gross up provision and instead provide for a “best-net” determination.

Further, as a condition to receiving such funds and subject to limited specified exceptions, the executive must sign an agreement to forever release and discharge the Company and its agents from any and all liabilities of any kind whatsoever related in any way to the Company's employment of the executive that the executive has ever had or may thereafter have against the Company or its agents. The executive is also subject to customary confidentiality provisions after the termination of employment with the Company.

Change of Control Employment Agreements - Ms. Payne and Mr. Joseph. The change of control employment agreements supersede the employment agreements of Ms. Payne and Mr. Joseph upon the occurrence of a change of control. The change of control employment agreements of Ms. Payne and Mr. Joseph are identical to those described above in “Potential Payments Upon Termination or Change-in-Control-Change of Control Agreements,” except that to preserve an existing benefit under Ms. Payne's employment agreement, her change of control employment agreement provides that a termination of employment for any reason following a Change of Control or in anticipation of a Change of Control, is deemed to be Good Reason.

Employment Agreement - Ms. Payne

In January 1997, the Company entered into a three-year agreement with Ms. Payne regarding her employment as an Executive Vice President and the Chief Financial Officer of the Manager and her service to the Company in the same capacities. Beginning on the second anniversary date of such initial term and continuing on each anniversary date thereafter, the employment agreement has been extended one-year (effectively resulting in a two-year employment agreement as of each extension date). The agreement will continue to be extended in such manner unless either party gives sufficient notice to the contrary. In June 2005, Ms. Payne became Vice Chairman in addition to her role as Chief Financial Officer.

The employment agreement provides for an annual base salary of not less than \$500,000, with consideration of upward adjustments to be reviewed annually, as well as customary benefits and perquisites. The agreement also provides for Ms. Payne's participation in the Company's annual bonus program and other share-based compensation plans.

Pursuant to the agreement, if Ms. Payne's employment with the Company is terminated for any reason other than (1) Ms. Payne's voluntary termination of her employment, (2) death or disability or (3) a termination by the Company for cause, Ms. Payne shall be entitled to receive payment of her base salary and target cash bonus for the remaining term of her employment agreement, and all benefits granted to Ms. Payne under the Company's various compensation plans shall immediately vest in full. Ms. Payne shall also receive such payments if her termination of employment is within 90 days of any of the following events: (w) a change of control, (x) a substantial diminution of duties or responsibilities, (y) a change in title without consent and (z) a change in location of employment outside the metro Detroit area. Payments under the clause will be reduced by amounts Ms. Payne receives from other employment during such payment period.

For any other termination, including for cause, voluntary termination without good reason, death or disability, Ms. Payne shall receive any amounts accrued to the date of termination and as provided for in the Company's compensatory plans.

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Employment Agreement - Mr. Joseph

In April 2013, the Company entered into a two-year agreement with Mr. Joseph regarding his employment as then Senior Vice President, Leasing of the Manager. The agreement will automatically terminate after two years, unless it is renewed or extended by the parties in writing.

The employment agreement provides for an annual base salary of \$500,000, with eligibility for a merit increase in April 2014, as well as customary benefits and perquisites, in addition to a one-time starting bonus of \$75,000, relocation expenses and COBRA reimbursement. In addition, Mr. Joseph is eligible to receive annual bonuses, with a target bonus of 80% of his base salary, based on his achievement of performance goals established each year by the Company, in good faith consultation with Mr. Joseph. The agreement also provides for Mr. Joseph's participation in the Company's annual bonus program and other share-based compensation plans.

In the event of Mr. Joseph's termination for any reason, including termination for cause, or upon death or disability, Mr. Joseph will receive his base salary, to the extent accrued through the termination date and unpaid, as well as payment for any accrued but unused paid time off, and any unreimbursed business expenses through the termination date, in each case as provided for in the Company's compensatory plans. If Mr. Joseph's employment with the Company is terminated (1) by the Company without cause or (2) by mutual agreement of the parties, Mr. Joseph will be entitled to receive the following payments, in addition to those described above: (x) a lump sum payment equal to one year of Mr. Joseph's base salary as of the termination date; (y) a lump sum payment equal to the annual target bonus available to Mr. Joseph for the year in which the termination occurs, pro-rated based on the number of completed months of employment during that year; and (z) a lump sum payment equal to Mr. Joseph's annual target bonus. Mr. Joseph's receipt of such payments is conditioned in part upon his execution and non-revocation of a general release in favor of the Company, its subsidiaries and its affiliates within 30 days following his last day of employment.

The agreement contains non-competition and non-solicitation provisions, which apply during the term of Mr. Joseph's employment and for one year after his employment ends for any reason, and customary confidentiality provisions.

Employment Agreement - Mr. Tremblay

In October 2010, Taubman Asia Management Limited entered into an employment agreement with the initial term ending December 31, 2015 with Mr. Tremblay regarding his employment as President of Taubman Asia.

Mr. Tremblay also agreed to serve on the board of directors of The Taubman Company Asia Limited for the term of his employment. The employment agreement was amended in April 2014 with a term of December 31, 2017.

The employment agreement provides for an annual base salary of \$1,000,000, with consideration of upward adjustments to be reviewed annually. The agreement also provides Mr. Tremblay with a target annual bonus of 40% that was prepaid in monthly installments with a clawback provision in case the bonus is not earned under the annual bonus program.

In addition, Mr. Tremblay is eligible to receive the following perquisites: housing costs and related insurance, personal expenses, club membership, school tuition fees for secondary school, relocation expenses, automobile and related insurance, life insurance premium, long-term disability benefits, and supplemental medical benefits.

Pursuant to the agreement, if Mr. Tremblay's employment with Taubman Asia Management Limited is terminated for any reason other than (1) Mr. Tremblay's voluntary termination of his employment for good reason (including specified change of control, relocation or diminution of duties or responsibilities), (2) death or disability or (3) a termination by Taubman Asia Management Limited for cause, Mr. Tremblay shall be entitled to receive payment of (i) his base salary, and his minimum guaranteed bonus or target bonus, until the earlier of two years after such termination or the remaining term under such agreement, and (ii) specified housing costs, personal expenses and health insurance coverage plan costs for three months after termination. Mr. Tremblay is required to seek comparable employment in good faith, and payments under the clause will be reduced by amounts Mr. Tremblay receives from other employment during such payment period.

In addition, in the case of any termination, Taubman Asia Management Limited is required to pay specified relocation costs if within three months following such termination Mr. Tremblay provides notice of his desire to move outside of Hong Kong.

Following expiration or termination of the agreement, Mr. Tremblay must execute a release of claims agreement and he will be subject to the non-competition, non-solicitation and confidentiality provisions set forth therein. The non-competition provisions are applicable for the remaining term of the agreement and, in specified circumstances, for a period of one year thereafter. In addition, Mr. Tremblay is subject to a non-solicitation provision for the term and for one year thereafter.

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## Operating Agreement for Taubman Properties Asia LLC - Mr. Tremblay

In October 2010, Mr. Tremblay obtained a 10% ownership interest in Taubman Properties Asia LLC, a consolidated subsidiary of the Company. He is entitled to 10% of Taubman Asia's distributions, with 85% of his distributions being withheld as contributions to capital. These withholdings will continue until he contributes and maintains his capital consistent with a 10% ownership interest, including all capital funded by TRG for Taubman Asia's operating and investment activities prior and subsequent to Mr. Tremblay obtaining his ownership interest. Mr. Tremblay's ownership interest will be reduced to 5% upon his cumulatively receiving a specified amount in distributions. TRG will have a preferred investment in Taubman Asia to the extent Mr. Tremblay has not yet contributed capital commensurate with his ownership interest. This preferred investment will accrue an annual preferential return equal to TRG's average borrowing rate (with the preferred investment and accrued return together being referred to herein as the preferred interest).

Taubman Asia has the ability to call, and Mr. Tremblay has the ability to put, Mr. Tremblay's ownership interest upon specified terminations of Mr. Tremblay's employment, although such put or call right may not be exercised for specified time periods after certain termination events. The redemption price for the ownership interest is generally a nominal amount through 2014 and subsequently 50% (increasing to 100% as early as May 2015) of the fair value of the ownership interest less the amount required to return the Operating Partnership's preferred interest. The agreement was amended April 2014 to include an option for Mr. Tremblay to have an advance on the redemption of his partnership interest of up to 40% at the end of 2016. The Company has determined that the Mr. Tremblay's ownership interest in Taubman Asia qualifies as an equity award, considering its specific redemption provisions, and accounts for it as a contingently redeemable noncontrolling interest, with a carrying value of zero at December 31, 2014. For purposes of the table below, the Company assumes that it would redeem Mr. Tremblay's ownership upon any termination of employment. Since the equity interest has a carrying value of zero as of December 31, 2014, it is not listed in the table below.

## Change of Control/Severance Payment Table

The following table estimates the potential payments and benefits to the NEOs upon termination of employment or a change of control, assuming such event occurs on December 31, 2014. These estimates do not reflect the actual amounts that would be paid to such persons, which would only be known at the time that they become eligible for payment and would only be payable if the specified event occurs.

Items Not Reflected in Table. The following items are not reflected in the table set forth below:

- Accrued salary, cash bonus (except to the extent specifically noted in Ms. Payne's, Mr. Joseph's and Mr. Tremblay's employment agreements) and paid time off.

- Costs of COBRA or any other mandated governmental assistance program to former employees.

- Amounts outstanding under the Company's 401(k) plan.

Supplemental Retirement Savings Plan. If such participant's employment is terminated for any reason, upon the occurrence of specified events (including a change of control of TRG, the dissolution of TRG or the termination (without renewal) of the Manager's services agreement with TRG), or the Company accelerates such payment as of December 31, 2014, then the participant would receive the aggregate balance amount relating to the plan as set forth in the "Nonqualified Deferred Compensation in 2014" table.

Robert Taubman's Deferral of TRG Units. If Mr. Taubman's employment is terminated for any reason as of December 31, 2014, the Deferred TRG units will be paid to Mr. Taubman in ten annual installments. If

Mr. Taubman's employment is terminated within six months of a change of control, then the Deferred TRG units will be paid to Mr. Taubman in a single distribution. The aggregate balance amount relating to this deferral arrangement is set forth in the "Nonqualified Deferred Compensation in 2014" table.

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Other Notes Applicable to Table.

The 1992 Option Plan and 2008 Omnibus Plan provide for the acceleration of vesting of share-based awards upon retirement, death, disability, layoff in connection to a reduction in force or a change of control. In addition, for Ms. Payne, such share-based awards will vest upon a termination by the Company without cause. The closing price of the Company's common stock on December 31, 2014 was \$76.42. The table reflects the intrinsic value of such acceleration, which is:

for each unvested RSU, \$76.42; and

for each PSU, in the case of death, disability, layoff in connection to a reduction in force (or retirement, for the Annual PSU grants) or in the case of a change of control and for Ms. Payne upon a termination by the Company without cause, \$76.42 multiplied by 1.4 per PSU for the 2014 Annual PSU awards (the estimated multiplier as of December 31, 2014 for such awards). The Annual PSU awards for 2012 had an actual 0x payout that settled in March 2015 and the 2013 Annual PSU and 2012 Special PSU awards had an estimated 0x payout as of December 31, 2014. The Committee has discretion to accelerate the vesting of RSU and PSU awards to the extent not expressly set forth above. The table assumes the Committee does not utilize such discretion.

The table does not reflect the intrinsic value of vested options, which is set forth in "Outstanding Equity Awards at December 31, 2014".

For a termination following a change of control, the table below assumes such termination is other than for cause, death or disability, or due to the executive resigning for good reason, or upon certain terminations in connection with or in anticipation of a change of control.

None of the NEOs are eligible for retirement and therefore termination due to retirement is not included in the table below.

Life insurance amounts only reflect policies paid for by the Company.

The table assumes a "disability" is of a long-term nature, which triggers vesting of share-based awards. Disability payments are shown on an annual basis.

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	Cash Severance (\$)	Miscellaneous Benefits (\$)(1)	Acceleration of Share-Based Awards (\$)	Life Insurance Proceeds (\$)	Annual Disability Benefits (\$)	Total (\$)(5)
Robert S. Taubman(2)						
Death	—	—	4,573,890	1,400,000	—	5,973,890
Disability	—	—	4,573,890	—	360,000	4,933,890
Layoff in connection with a reduction in force	—	—	2,379,413	—	—	2,379,413
Change of control	—	—	4,573,890	—	—	4,573,890
Lisa A. Payne(3)						
Termination without cause	2,271,458	—	2,493,126	—	—	4,764,584
Death	—	—	2,493,126	1,400,000	—	3,893,126
Disability	—	—	2,493,126	—	360,000	2,853,126
Layoff in connection with a reduction in force	—	—	1,297,000	—	—	1,297,000
Change of control	3,336,213	154,005	2,493,126	—	—	5,983,344
William S. Taubman(2)						
Death	—	—	2,493,279	1,400,000	—	3,893,279
Disability	—	—	2,493,279	—	360,000	2,853,279
Layoff in connection with a reduction in force	—	—	1,297,153	—	—	1,297,153
Change of control	—	—	2,493,279	—	—	2,493,279
David S. Joseph II(3)						
Termination without cause	1,339,000	—	1,411,783	—	—	2,750,783
Death	—	—	2,256,683	1,400,000	—	3,656,683
Disability	—	—	2,256,683	—	360,000	2,616,683
Layoff in connection with a reduction in force	—	—	830,838	—	—	830,838
Change of control	2,575,000	145,444	2,256,683	—	—	4,977,127
Rene Tremblay(4)						
Termination without cause or by executive for good reason	2,847,500	90,807	—	—	—	2,938,307
Death	—	—	691,372	1,400,000	—	2,091,372
Disability	—	—	691,372	—	133,800	825,172
Layoff in connection with a reduction in force	—	—	691,372	—	—	691,372
Change of control	2,847,500	90,807	691,372	—	—	3,629,679

(1) Amount includes the value of continuing health and welfare benefits for 30 months after December 31, 2014 and outplacement services for one year after December 31, 2014.

Except as specified in “-Items Not Reflected in Table,” such person does not receive any additional payments if (2)(A) he voluntarily terminates his employment, or (B) his employment is terminated by the Company with or without cause.

Except as specified in “-Items Not Reflected in Table”, such person does not receive any additional payments if (3)(A) he/she voluntarily terminates such employment, or (B) his/her employment is terminated by the Company with cause.

(4) Except as specified in “-Items Not Reflected in Table”, he does not receive any additional payments if (A) he voluntarily terminates such employment without good reason, or (B) his employment is terminated by the

Company with cause.

(5) For terminations due to disability, the total amounts only include one year of disability benefits. In actuality, such amount will be paid on an annual basis.

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RELATED PERSON TRANSACTIONS

Policies and Procedures

To assist the Company in complying with its disclosure obligations and to enhance the Company's disclosure controls, the Board approved a formal policy in December 2006 regarding related person transactions, which generally reflects the historical process and procedures utilized by the Company on an informal basis. A "related person" is a director, officer, nominee for director or a more than 5% shareholder (of any class of the Company's Voting Stock) since the beginning of the Company's last completed fiscal year, and their immediate family members. A "related person transaction" is any transaction or any series of transactions in which the Company was or is to be a participant, the amount involved exceeds \$120,000, and in which any related person had or will have a direct or indirect material interest.

Specifically, the policy establishes a process for identifying related persons and procedures for reviewing and approving such related person transactions. In addition, directors and executive officers are required to complete an annual questionnaire in connection with the Company's proxy statement for its annual meeting of shareholders, which includes questions regarding related person transactions, and such persons also are required to provide written notice to the Company's General Counsel or outside general counsel of any updates to such information prior to the annual meeting. Further, the Company's financial and other departments have established additional procedures to assist the Company in identifying existing and potential related person transactions and other potential conflict of interest transactions.

From January 1, 2014 through the date hereof, the Company's related person transactions were solely with members of the Taubman family and their affiliates. The Audit Committee and/or the independent directors of the Board reviewed such business transactions to ensure that the Company's involvement in such transactions was on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party and was in the best interests of the Company and its shareholders. When necessary or appropriate, the Company has engaged third party consultants and special counsel, and the Board has created a special committee, to review such transactions. While Robert Taubman and William Taubman may participate in certain discussions regarding Company transactions with the Taubman family and affiliates, they recuse themselves from the approval process by the Board or Audit Committee and do not negotiate contractual terms or control the Company's strategies with respect to such transactions.

2014 Related Person Transactions

The Manager is the manager of the Sunvalley shopping center (Sunvalley) in Contra Costa County, California, and has been the manager since its original development (opened in 1967). TRG owns a 50% general partnership interest in SunValley Associates, a California general partnership, which indirectly owns the center. The other 50% partner consists of two entities owned and controlled by A. Alfred Taubman, a significant shareholder, former Chairman of the Board and the father of Robert and William Taubman. Sunvalley's partnership agreement names TRG as the managing general partner and provides that so long as TRG has an ownership interest in the property, the Manager will remain its manager and leasing agent. Sunvalley is subject to a ground lease on the land, which is owned by Taubman Land Associates LLC (Taubman Land). Taubman Land is owned 50% by an affiliate of TRG and 50% by an entity owned and controlled by Robert Taubman, William Taubman and Gayle Taubman Kalisman. Rent was \$1.6 million for 2014.

A. Alfred Taubman and certain of his affiliates receive various management services from the Manager. For such services, Mr. A. Taubman and affiliates paid the Manager approximately \$2.9 million in 2014.

An affiliate of the Manager purchased the Company's headquarters building in February 2014 for a net purchase price of \$16.1 million (including the assumption of debt) from an affiliated entity of A. Alfred Taubman, Robert Taubman and William Taubman and other persons. In exchange for the building, the Company assumed the \$17.4 million, 5.90% fixed rate loan on the building, issued 1,431 TRG units (and a corresponding number of shares of Series B Preferred Stock), and received \$1.4 million in escrowed and other cash from seller. Prior to such sale, the Manager paid approximately \$247,000 in rent and operating expenses in 2014 for office space in such building.

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Taubman Ventures Management, an entity which manages the personal assets of, and provides administrative services to, the Taubman family, including A. Alfred Taubman (collectively, the "Taubman Family"), utilizes a portion of the Manager's Bloomfield Hills, Michigan offices and a portion of the Manager's New York offices. For the use of the office space, Taubman Ventures Management paid the Manager approximately \$332,000 in 2014, representing its pro rata share of the total occupancy costs. In addition, employees of Taubman Ventures Management, Mr. A. Taubman and certain employees of members of the Taubman Family and other affiliated companies of the Taubman Family were enrolled in the benefit program of the Manager. For participation in the Manager's benefit program, participants paid the Manager approximately \$998,000 in 2014, representing 100% reimbursement of the costs associated with their employees' participation in the benefit program plus a 15% administrative fee. Offsetting this expense is a \$159,000 refund paid by the Manager due to a health and dental surplus as a result of lower claims. This refund was calculated based on the participants' share of participating employees in the benefit program.

The Manager leases a corporate plane for business use and was reimbursed approximately \$542,000 in 2014 by the Taubman Family for personal use of the corporate plane, representing 100% of the incremental costs of such use. See "Compensation Discussion and Analysis-Analysis of 2014 Compensation-Other Benefits" for information on calculating incremental cost to the Company in respect of corporate plane use.

At the time of the Company's initial public offering and its acquisition of its partnership interest in TRG in 1992, the Company entered into an agreement (the "Cash Tender Agreement") with A. Alfred Taubman, who owns an interest in TRG, whereby he has the annual right to tender to the Company TRG units (provided that the aggregate value is at least \$50 million) and cause the Company to purchase the tendered interests at a purchase price based on its market valuation on the trading date immediately preceding the date of the tender. At Mr. A. Taubman's election, his family may participate in tenders. The Company will have the option to pay for these interests from available cash, borrowed funds, or from the proceeds of an offering of common stock. Generally, the Company expects to finance these purchases through the sale of new shares of its stock. The tendering partner will bear all market risk if the market price at closing is less than the purchase price and will bear the costs of sale. Any proceeds of the offering in excess of the purchase price will be for the sole benefit of the Company. The Company accounts for the Cash Tender Agreement as a freestanding written put option. As the option put price is defined by the current market price of the Company's stock at the time of tender, the fair value of the written option defined by the Cash Tender Agreement is considered to be zero. Based on a market value at December 31, 2014 of \$76.42 per common share, the aggregate value of interests in TRG that may be tendered under the Cash Tender Agreement was approximately \$1.8 billion. The purchase of these interests at December 31, 2014 would have resulted in the Company owning an additional 27% interest in TRG.

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**AUDIT COMMITTEE MATTERS**

The Audit Committee acts under a written charter available on the Company's website, [www.taubman.com](http://www.taubman.com), under the Investors - Corporate Governance tab. Each member of the Audit Committee is independent under the Company's Corporate Governance Guidelines and as independence for audit committee members is defined by the rules adopted by the SEC and the NYSE.

As described more fully in its charter, the Audit Committee is responsible for providing independent, objective oversight and review of the Company's accounting and financial reporting functions, including monitoring the effectiveness of the Company's internal control over financial reporting, disclosure controls and internal audit function. Management has the primary responsibility for the preparation, presentation and integrity of the Company's financial statements, accounting and financial reporting principles, internal controls and compliance with applicable laws and regulations. KPMG, the Company's independent registered public accounting firm, is responsible for performing an independent audit of the Company's consolidated financial statements and the effectiveness of the Company's internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (U.S.) ("PCAOB") and for expressing their opinions thereon.

The responsibilities of the Audit Committee include engaging an accounting firm to be the Company's independent registered public accounting firm and establishing the terms of retention, including compensation. Additionally, the Audit Committee reviews and evaluates, and discusses and consults with management, internal audit personnel and the independent registered public accounting firm on matters which include the following:

- the plan for, and the independent registered public accounting firm's report on, each audit of the Company's financial statements;
- the Company's quarterly and annual financial statements contained in reports filed with the SEC or sent to shareholders;
- changes in the Company's accounting practices, principles, controls or methodologies, or in its financial statements;
- significant developments in accounting rules;
- the adequacy of the Company's internal accounting controls, and accounting, financial and auditing personnel; and
- the continued independence of the Company's independent registered public accounting firm and the monitoring of any engagement of the independent registered public accounting firm to provide non-audit services.

**Pre-Approval Policies and Procedures**

The Audit Committee has developed policies and procedures concerning its pre-approval of the performance of audit and non-audit services. These policies and procedures provide that the Audit Committee must pre-approve all audit and permitted non-audit services to be performed for the Company. If a product or service arises that was not already pre-approved, the Audit Committee has delegated to the Chairman of the Audit Committee the authority to consider and pre-approve such services between quarterly meetings of the Audit Committee. In pre-approving all audit services and permitted non-audit services, the Audit Committee or the Chairman of the Audit Committee must consider whether the provision of the permitted non-audit services is consistent with maintaining the independence of the Company's independent registered public accounting firm. Any interim approvals granted by the Chairman of the Audit Committee are reported to the entire Audit Committee at its next regularly scheduled meeting.

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## KPMG Fees

The following table sets forth the fees the Company was billed for audit and other services provided by KPMG in 2014 and 2013. All of such services were approved in conformity with the pre-approval policies and procedures described above. The Audit Committee, based on its reviews and discussions with management and KPMG noted above, determined that the provision of these services was compatible with maintaining KPMG's independence.

	2014	2013
	(\$)	(\$)
Audit Fees	1,758,093	1,683,354
Audit-Related Fees	74,250	36,350
Tax Fees	27,551	26,017
Other Fees	—	—
Total Fees	1,859,894	1,745,721

**Audit Fees.** Audit fees relate to professional services rendered by KPMG for the audits of the Company's annual financial statements and the Company's internal control over financial reporting, review of the financial statements included in the Company's quarterly reports on Form 10-Q and services that are normally provided by the accountant in connection with these filings. Audit fees in 2013 also include fees for services related to the Company's equity offerings. The table includes \$728,500 and \$733,300 in 2014 and 2013, respectively, related to individual shopping center audit reports.

**Audit-Related Fees.** Audit-related fees relate to assurance and related services by KPMG that are reasonably related to the performance of the audit or review of the Company's financial statements. In 2014, audit-related services consisted of fees for services related to the Company's development project in Xi'an, China, the audit of an employee benefit plan, and agreed upon procedures relating to one of the Company's share-based compensation grants. In 2013, audit-related services primarily consisted of the audit of an employee benefit plan, as well as agreed upon procedures relating to one of the Company's share-based compensation grants.

**Tax Fees.** Tax fees in 2014 and 2013 relate to tax consulting and compliance services for certain tax filings.

**REPORT OF THE AUDIT COMMITTEE**

In connection with the Company's annual report on Form 10-K for the year ended December 31, 2014, and the consolidated financial statements to be included therein, the Audit Committee has:

- (1) reviewed and discussed the audited consolidated financial statements with management;
- (2) discussed with KPMG, the Company's independent registered public accounting firm, the matters required to be discussed by the Statement on Auditing Standard No. 16, as amended; and received the written disclosures and letter from KPMG required by the applicable requirements of the PCAOB
- (3) regarding KPMG's communications with the Audit Committee concerning independence, and has discussed with KPMG its independence with respect to the Company.

Based upon these reviews and discussions, the Audit Committee recommended to the Board that the Company's audited financial statements be included in the annual report on Form 10-K for the year ended December 31, 2014 filed with the SEC.

The Audit Committee

Jerome A. Chazen, Chairman

William U. Parfet

Ronald W. Tysoe

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**PROPOSAL 2 - RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2015**

Although shareholder ratification of the appointment is not required by law and is not binding on the Company, the Audit Committee will take the appointment of KPMG under advisement if such appointment is not ratified by the affirmative vote of two-thirds of the shares of Voting Stock outstanding on the record date. KPMG has served as the Company's independent registered public accounting firm since 2004, and the appointment of KPMG in such years was ratified by the Company's shareholders at the respective annual meetings. See "Audit Committee Matters" for a description of fees in 2014 and 2013 and other matters related to KPMG's provision of services to the Company. The Company expects that representatives of KPMG will be present at the annual meeting and will be available to respond to appropriate questions. Such representatives will also have an opportunity to make a statement. The Board recommends that the shareholders vote FOR the ratification of KPMG as the Company's independent registered public accounting firm for the year ending December 31, 2015.

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**PROPOSAL 3 - ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION**

The Board proposes that shareholders provide advisory (non-binding) approval of the compensation of our named executive officers, as disclosed in this proxy statement in accordance with the SEC's rules (commonly known as a "say-on-pay" proposal). We recognize the interest our shareholders have in the compensation of our executives and we are providing this advisory proposal in recognition of that interest and as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act.

In a non-binding advisory vote on the frequency of the say-on-pay proposal held at our 2011 annual meeting of shareholders, shareholders voted in favor of holding say-on-pay votes annually. In light of this result and other factors considered by the Board, the Board determined that the Company would hold advisory say-on-pay votes on an annual basis until the next required advisory vote on such frequency. The next advisory say-on-pay vote will occur at our 2016 annual meeting of shareholders.

As described in detail under the heading "Compensation Discussion and Analysis," our named executive officer compensation program is designed to attract, motivate, and retain our named executive officers, who are critical to our success, and ensure an alignment of interests of such persons with our shareholders. Under this program, our NEOs are rewarded for their service to the Company, the achievement of specific performance goals and the realization of increased shareholder value. We believe our executive officer compensation programs also are structured appropriately to support our Company and business objectives, as well as to support our culture. The Compensation Committee regularly reviews the compensation programs for our NEOs to ensure the fulfillment of our compensation philosophy and goals.

Please read the "Compensation Discussion and Analysis," beginning on page 28 (which includes an Executive Summary), and the "Named Executive Officer Compensation Tables," beginning on page 48, for additional details about our NEO compensation program, including information about the target and earned compensation of our NEOs in 2014.

We are asking our shareholders to indicate their support for our NEO compensation as described in this proxy statement. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our NEOs and the philosophy, policies and practices described in this proxy statement. Accordingly, we will ask our shareholders to vote "FOR" the following resolution at the annual meeting:

"RESOLVED, that the Company's shareholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the Company's Proxy Statement for the 2015 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and disclosure."

The say-on-pay vote is advisory, and therefore not binding on the Company, the Compensation Committee or the Board. We value the opinions of our shareholders and to the extent there is any significant vote against the NEO compensation as disclosed in this proxy statement, we will consider our shareholders' concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

The Board recommends that the shareholders vote FOR the approval of the compensation of our NEOs, as disclosed in this proxy statement pursuant to the rules of the SEC.

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ADDITIONAL INFORMATION

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires the Company's directors, its executive officers and persons who beneficially own more than 10% of a registered class of the Company's equity securities ("insiders") to file reports with the SEC regarding their pecuniary interest in any of the Company's equity securities and any changes thereto, and to furnish copies of these reports to the Company. Based on the Company's review of the insiders' forms furnished to the Company or filed with the SEC and representations made by the directors and executive officers of the Company, no insider failed to file on a timely basis a Section 16(a) report in 2014.

The Board has determined that the current members of the Compensation Committee qualify as non-employee directors as defined in Rule 16b-3 of the Exchange Act.

Cost of Proxy Solicitation

The cost of preparing, assembling and mailing the proxy material will be paid by the Company. The Company will request brokers, banks and other nominees to send the Notice and/or proxy materials to, and to obtain proxies from, the beneficial owners and will reimburse such holders for their reasonable expenses in doing so. In addition, the Company's directors, officers and regular employees may solicit proxies by mail, telephone, facsimile or in person, but they will not receive any additional compensation for such work. Further, Innisfree M&A Incorporated has been retained to provide proxy solicitation services for a fee not to exceed \$15,000 (excluding expenses).

Presentation of Shareholder Proposals and Nominations at 2016 Annual Meeting

Any shareholder proposal intended to be included in the Company's proxy statement and form of proxy for the 2016 annual meeting (pursuant to Rule 14a-8 of the Exchange Act) must be received by the Company's Assistant Secretary, Chris Heaphy, 200 East Long Lake Road, Suite 300, Bloomfield Hills, Michigan 48304-2324 by the close of business on December 17, 2015, and must otherwise be in compliance with the requirements of the SEC's proxy rules.

Any director nomination or shareholder proposal of other business intended to be presented for consideration at the 2016 annual meeting, but not intended to be considered for inclusion in the Company's proxy statement and form of proxy relating to such meeting (i.e. not pursuant to Rule 14a-8 of the Exchange Act), must be received by the Company at the address stated above between January 30, 2016 and the close of business on February 29, 2016 to be considered timely. However, if the 2016 annual meeting occurs more than 30 days before or 60 days after May 29, 2016, the Company must receive nominations or proposals (A) not later than the close of business on the later of the 90th day prior to the date of the 2016 annual meeting or the 10th day following the day on which public announcement is made of the date of the 2016 annual meeting, and (B) not earlier than the 120th day prior to the 2016 annual meeting. See "Board Matters-Committees of the Board-Nominating and Corporate Governance Committee" for further information on the advance notice provisions set forth in the By-laws.

Householding

The Company has elected to send a single copy of its annual report and this proxy statement to any household at which two or more shareholders reside unless one of the shareholders at such address provides notice that he or she desires to receive individual copies or has elected e-mail delivery of proxy materials. This "householding" practice reduces the Company's printing and postage costs. Shareholders may request to discontinue or re-start householding, or request a separate copy of the 2014 annual report and 2015 proxy statement, as follows:

Shareholders owning their Voting Stock through a broker, bank or other nominee should contact such record holder directly; and

Shareholders of record should contact Broadridge Investor Communications Solutions, toll-free at 1-800-542-1061, or may write to: Broadridge Investor Communications Solutions, Householding Department, 51 Mercedes Way, Edgewood, New York 11717.

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2014 ANNUAL REPORT

The annual report of the Company for the year ended December 31, 2014, including financial statements for the three years ended December 31, 2014 audited by KPMG, the Company's independent registered public accounting firm, is being furnished with the proxy statement through the Internet, via e-mail or by paper delivery. See "About the Meeting-How can I access the Company's proxy materials and other reports filed with the SEC?" for further information about delivery of the 2014 annual report.

We urge you to vote promptly to save us the expense of additional solicitation.

By Order of the Board of Directors,

Robert S. Taubman,

Chairman of the Board, President and

Chief Executive Officer

April 7, 2015



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TAUBMAN CENTERS, INC.  
200 EAST LONG LAKE RD.  
SUITE 300  
BLOOMFIELD HILLS, MI 48304-2324

VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time on May 26, 2015 for shareholders in The Taubman Company's 401(k) Plan and up until 11:59 P.M. Eastern Time on May 28, 2015 for registered and Series B Preferred shareholders. Have your proxy card in hand when you access the website and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by Taubman Centers, Inc. in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on May 26, 2015 for shareholders in The Taubman Company's 401(k) Plan and up until 11:59 P.M. Eastern Time on May 28, 2015 for registered and Series B Preferred shareholders. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLANK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

-----  
DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

FOR WITHHOLDFOR To withhold authority to vote for any  
ALL ALL ALL individual nominee(s), mark "For All

EXCEPT Except" and write the number(s) of the nominee(s) on the line below.

The Board of Directors recommends you vote FOR the following:

1. Election of Directors .. ..  
 Nominees

01 Graham T. Allison 02 Peter Karmanos, Jr. 03 William S. Taubman

The Board of Directors recommends you vote FOR proposals 2 and 3.

- 2. Ratification of the appointment of KPMG LLP as the independent registered public accounting firm for the year ending December 31, 2015.
- 3. Advisory approval of the named executive officer compensation.

For	Against	Abstain
..	..	..
..	..	..

NOTE: Election of Nominees above is for a three-year term.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature (PLEASE SIGN WITHIN BOX)

Date

Signature (Joint Owners)

Date

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Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Annual Report, Notice & Proxy Statement is/are available at [www.proxyvote.com](http://www.proxyvote.com) .

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THIS PROXY IS SOLICITED ON BEHALF OF  
THE BOARD OF DIRECTORS  
ANNUAL MEETING OF SHAREHOLDERS - MAY 29, 2015

The undersigned appoints each of Robert S. Taubman and Lisa A. Payne, with full power of substitution, to represent the undersigned at the annual meeting of shareholders of Taubman Centers, Inc. on Friday, May 29, 2015 and at any adjournment or postponement, and to vote at such meeting the shares of common stock and Series B Preferred Stock that the undersigned would be entitled to vote if personally present in accordance with the following instructions and to vote in their judgment upon all other matters that may properly come before the meeting and any adjournment or postponement. The undersigned revokes any proxy previously given to vote at such meeting.

EXCEPT AS SET FORTH BELOW FOR SHARES HELD IN THE TAUBMAN COMPANY AND RELATED ENTITIES EMPLOYEE RETIREMENT SAVINGS PLAN, THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED IN FAVOR OF ITEMS 1, 2 and 3 IF THIS PROXY IS PROPERLY EXECUTED AND NO INSTRUCTION IS PROVIDED FOR SUCH ITEMS.

This proxy also provides voting instructions for shares for which the undersigned has the right to give voting instructions to Vanguard Fiduciary Trust Company, Trustee of the Taubman Stock Fund in The Taubman Company and Related Entities Employee Retirement Savings Plan (the "401(k) Plan"). This proxy, when properly executed, will be voted as directed. If no direction is given to the Trustee by 11:59 P.M. Eastern Time on May 26, 2015, the 401(k) Plan's Trustee will vote shares held in the plan in the same proportion as votes received from other participants in the 401(k) Plan.

Continued and to be signed on reverse side