

MACERICH CO  
Form DEF 14A  
April 21, 2005

**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  x

Filed by a Party other than the Registrant  o

Check the appropriate box:

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

**THE MACERICH COMPANY**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- x No fee required.  
 o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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April 21, 2005

Dear Stockholder:

You are cordially invited to attend our Annual Meeting of Stockholders to be held on Thursday, May 19, 2005 at 10:00 a.m. local time at The Fairmont Miramar Hotel, 101 Wilshire Boulevard, Santa Monica, California.

The enclosed Notice and Proxy Statement contain details concerning the matters to be considered during the Annual Meeting. At the Annual Meeting, you will be asked to (i) elect three directors; (ii) ratify the appointment of Deloitte & Touche LLP as the Company's independent accountants; and (iii) transact such other business as may properly come before the meeting. You will note that the Board of Directors of the Company recommends a vote **FOR** the election of each of the three directors and **FOR** the ratification of the appointment of Deloitte & Touche LLP. Please complete, sign and return your Proxy in the enclosed envelope at your earliest convenience to assure that your shares will be represented and voted at the Annual Meeting, even if you cannot attend.

We look forward to seeing you at the Annual Meeting and thank you for your support.

Mace Siegel  
*Chairman of the Board*

Arthur Coppola  
*President and Chief Executive Officer*

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# THE MACERICH COMPANY

401 WILSHIRE BOULEVARD

SUITE 700

SANTA MONICA, CALIFORNIA 90401

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## NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON MAY 19, 2005

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NOTICE IS HEREBY GIVEN that the 2005 Annual Meeting of Stockholders (the Annual Meeting ) of The Macerich Company, a Maryland corporation (the Company ), will be held on Thursday, May 19, 2005 at 10:00 a.m. local time at The Fairmont Miramar Hotel, 101 Wilshire Boulevard, Santa Monica, California, for the following purposes described in this Notice:

- (1) To elect three members of the Board of Directors, each to serve for a three-year term and until his or her successor is duly elected and qualifies;
- (2) To consider and vote upon ratification of the appointment of Deloitte & Touche LLP as the independent accountants for the Company for the year ending December 31, 2005; and
- (3) To consider and act upon any other matter that may properly be brought before the Annual Meeting and at any adjournment or postponement thereof.

Any action may be taken on the foregoing matters at the Annual Meeting on the date specified above, or on any date or dates to which the Annual Meeting may be adjourned or postponed.

The Board of Directors has fixed the close of business on Monday, March 7, 2005 as the record date for determining the stockholders entitled to notice of and to vote at the Annual Meeting and at any adjournment or postponement thereof. Only stockholders of record of the Company's common stock, \$.01 par value per share, at the close of business on that date will be entitled to notice of and to vote at the Annual Meeting and at any adjournment or postponement thereof.

You are requested to complete and sign the enclosed form of Proxy, which is being solicited by the Board of Directors, and to mail it promptly in the enclosed postage prepaid envelope. Any Proxy may be revoked by delivery of a later dated Proxy or a written notice of revocation or by attending the Annual Meeting and voting in person.

By Order of the Board of Directors

Richard A. Bayer  
*Secretary*

Santa Monica, California  
April 21, 2005

**WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE COMPLETE, SIGN, DATE AND PROMPTLY RETURN THE ENCLOSED PROXY IN THE POSTAGE PREPAID ENVELOPE PROVIDED. IF YOU ATTEND THE ANNUAL MEETING, YOU MAY VOTE IN PERSON IF YOU WISH, EVEN IF YOU HAVE PREVIOUSLY RETURNED YOUR PROXY.**

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# THE MACERICH COMPANY

401 WILSHIRE BOULEVARD  
SUITE 700  
SANTA MONICA, CALIFORNIA 90401

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## PROXY STATEMENT FOR 2005 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON MAY 19, 2005

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This Proxy Statement is furnished in connection with the solicitation of Proxies by the Board of Directors of The Macerich Company, a Maryland corporation (the Company), for use at its 2005 Annual Meeting of Stockholders to be held on Thursday, May 19, 2005 at 10:00 a.m. local time at The Fairmont Miramar Hotel, 101 Wilshire Boulevard, Santa Monica, California, and at any adjournment or postponement thereof (the Annual Meeting). This Proxy Statement and the accompanying Notice of Annual Meeting of Stockholders and Proxy are first being sent to stockholders on or about April 21, 2005. The Company's 2004 Annual Report, including financial statements for the fiscal year ended December 31, 2004, is being mailed to stockholders concurrently with this Proxy Statement. The Annual Report, however, is not part of the proxy solicitation material.

### ABOUT THE ANNUAL MEETING

#### What is the purpose of the Annual Meeting?

At the Annual Meeting, our stockholders will consider and vote on the following matters:

- (1) the election of three directors; and
- (2) the ratification of the Company's independent accountants.

In addition, our stockholders will transact any other business that properly comes before the meeting. Management of the Company will also respond to any questions from our stockholders.

#### Who is entitled to vote?

Only holders of record at the close of business on the record date, March 7, 2005 (the Record Date), of the Company's common stock, \$.01 par value per share (the Common Stock), are entitled to notice of and to vote at the Annual Meeting. Holders of Common Stock are entitled to cast one vote for each share held by them on each matter to be voted upon. The Common Stock is the only class of securities of the Company authorized to vote. Under the Company's Charter and applicable law, a stockholder is not entitled to cumulative voting rights in the election of directors.

#### Who can attend the Annual Meeting?

All stockholders of the Company as of the Record Date, or their duly appointed Proxy holders, may attend the Annual Meeting.

#### What constitutes a quorum?

The presence, in person or by proxy, of holders entitled to cast at least a majority of all the votes entitled to be cast is necessary to constitute a quorum for the transaction of business at the Annual Meeting. As of the Record Date, 59,369,947 shares of Common Stock were outstanding and entitled to vote. Abstentions will count toward the presence of a quorum.

**How do I vote?**

If you hold your shares as a stockholder of record and you complete and properly sign the accompanying Proxy and return it in the enclosed postage prepaid envelope, it will be voted as you direct. If you are a registered stockholder and attend the meeting, you may deliver your completed Proxy or vote in person. If you hold your shares indirectly in the name of a bank, broker or other nominee, you will receive instructions from your bank, broker or other nominee describing how to vote your shares.

If no instructions are given on your returned Proxy, the shares will be voted FOR the election of each of the three nominees for director and FOR the ratification of the Company's independent accountants. The holders of the Proxy will also have discretionary authority to vote on other matters that may be properly brought before the Annual Meeting or that may be incidental to the conduct of the meeting. It is not anticipated that any matter, other than those set forth in this Proxy Statement, will be presented at the Annual Meeting. If other matters are presented, Proxies will be voted by the Proxy holders in accordance with the recommendation of the Board of Directors or, if no recommendation is given, in their discretion. Stockholder votes will be tabulated by the persons appointed to act as inspectors of election for the Annual Meeting.

**Can I change my vote after I return my Proxy card?**

Yes. Even after you have submitted your Proxy, you may change your vote at any time before the Proxy is exercised by delivering a duly executed Proxy bearing a later date or a written revocation to the Secretary of the Company at the address of the Company set forth above or by attending the Annual Meeting and voting in person. Any stockholder of record as of the Record Date attending the Annual Meeting may vote in person, whether or not a Proxy has been previously given, but the presence (without further action) of a stockholder at the Annual Meeting will not constitute revocation of a previously given Proxy.

**What are the Board of Directors' recommendations?**

Unless you give other instructions on your Proxy, the persons named as Proxy holders on the Proxy will vote in accordance with the recommendations of the Company's Board of Directors. The Board's recommendations are set forth together with the description of each matter in this Proxy Statement. In summary, the Board unanimously recommends a vote:

- **FOR** election of each of the three nominated directors; and
- **FOR** ratification of the appointment of Deloitte & Touche LLP as the Company's independent accountants for the year ending December 31, 2005.

With respect to any other matter that properly comes before the meeting, the Proxy holders will vote as recommended by the Board of Directors or, if no recommendation is given, in their discretion.

**What vote is required to approve each matter?**

Assuming the presence of a quorum, the affirmative vote of a majority of all of the votes cast on the matter at the Annual Meeting in person or by Proxy will be required for the election of each director nominee and the ratification of the appointment of Deloitte & Touche LLP to serve as the Company's independent accountants. Abstentions are not counted as votes cast and will have no effect on the vote for the election of the directors or the ratification of the appointment of Deloitte & Touche LLP.

**PROPOSAL 1: ELECTION OF DIRECTORS**

The Bylaws provide that the Board of Directors consists of nine directors. The Board is divided into three classes with each class constituting one-third of the total number of directors. Each class serves a three-year term and each director holds such office until his or her successor is duly elected and qualifies. The present term for the Class Two directors expires at the Annual Meeting, and the present terms for the Class Three and Class One directors expire at the annual meetings of stockholders to be held in 2006 and 2007, respectively.

The three Class Two directors, if elected at the Annual Meeting, will hold office until the annual meeting of stockholders in 2008 and until their respective successors are duly elected and qualify. The Board of Directors, based on the recommendations of the Nominating and Corporate Governance Committee, has nominated Dana K. Anderson, Diana M. Laing and Stanley A. Moore to continue to serve as Class Two directors of the Company (the Nominees ).

Each of the Nominees is currently serving as a director of the Company and has consented to be named and to serve if elected. However, if any Nominee is unavailable for election or unable to serve, the Proxy holders may vote for another person nominated by the Board of Directors or the Board may amend the Bylaws to reduce the number of directors to be elected at the Annual Meeting.

The Board of Directors will consider a nominee for election to the Board of Directors recommended by a stockholder of record if the stockholder submits the nomination to the Nominating and Corporate Governance Committee c/o the Company s Secretary in compliance with the advance notice and information requirements of the Company s Bylaws. See Other Matters-Stockholder Proposals and Director Nominees for a summary of these requirements.

Election of each director requires the affirmative vote of a majority of all of the votes cast on the matter at the Annual Meeting.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THE NOMINEES. PROXIES RECEIVED WILL BE VOTED FOR EACH OF THE NOMINEES UNLESS STOCKHOLDERS SPECIFY OTHERWISE IN THE PROXY.**

**Information Regarding Nominees and Directors**

The following table and biographical descriptions set forth certain information with respect to the directors of the Company (including the Nominees), each of whom has served continuously since elected, based on information furnished to the Company by each such director. The following information is as of March 31, 2005, unless otherwise specified.

Name	Age	Director Since	Amount and Nature of Beneficial Ownership of Common Stock(1)	Percent of Common Stock(2)	Amount and Nature of Beneficial Ownership of OP Units (1)(3)	Percent of Common Stock(4)
<b>Nominees</b>						
<b>Class Two:</b>						
Dana K. Anderson	70	1994	83,097(5)	*	1,292,632(6)	2.33 %
Diana M. Laing	50	2003	7,786(7)	*		*
Stanley A. Moore	66	1994	68,621(8)	*		*
<b>Continuing Directors</b>						
<b>Class Three:</b>						
Arthur M. Coppola(9)	53	1994	1,257,948(10)(11)(12)	2.11 %	1,443,316	4.44 %
James S. Cownie	60	1994	162,997(13)(14)	*		*
Mace Siegel	79	1994	171,468(15)	*	3,514,316(16)	5.86 %
<b>Class One:</b>						
Edward C. Coppola(9)	50	1994	378,537(17)(18)(19)	*	841,368	2.02 %
Fred S. Hubbell	53	1994	123,967(20)(21)(22)	*		*
Dr. William P. Sexton	66	1994	39,711(23)(24)	*		*

\* The percentage of shares beneficially owned by this director does not exceed one percent of the Company's Common Stock.

(1) Except as provided under applicable state marital property laws or as otherwise noted, each individual in the table above has sole voting and investment power over the shares of Common Stock or OP Units (as defined in Note 3 below) listed.

(2) Assumes that none of the outstanding OP Units or any convertible securities of the Company are redeemed for or converted into shares of Common Stock.

(3) The Company is the sole general partner of, and owns an aggregate of approximately 81% of the common and preferred ownership interests ( OP Units ) in, The Macerich Partnership, L.P., a Delaware limited partnership (the Operating Partnership ). The Operating Partnership holds directly or indirectly substantially all of the Company's interests in 62 regional shopping malls, 18 community centers and six development/redevelopment projects (the Centers ). In connection with the formation of the Company and the Operating Partnership, as well as subsequent acquisitions of certain Centers, OP Units were issued to certain persons in connection with the transfer of their interests in certain Centers. The OP Units are redeemable at the election of the holder for cash or, at the election of the Company, for shares of Common Stock on a one-for-one basis (subject to antidilution provisions).

(4) Assumes that all OP Units held by the person are redeemed for shares of Common Stock and that none of the OP Units or any convertible securities of the Company held by other persons are redeemed for or converted into shares of Common Stock, notwithstanding the percentage limitations under the Company's Charter which limit the number of shares that may be acquired by such person.



- (5) All shares of Common Stock are held in trust by Mr. Anderson as trustee of the Anderson Family Trust for the benefit of Mr. Anderson and his wife.
- (6) All 1,292,632 OP Units are held by Mr. Anderson as trustee of the Anderson Family Trust for the benefit of Mr. Anderson and his wife.
- (7) Includes 4,286 stock units credited to Ms. Laing under the terms of the Company's Eligible Directors' Deferred Compensation/Phantom Stock Plan (the Director Phantom Stock Plan), the vesting and terms of which are described under Compensation of Directors below ( stock units ). Stock units are payable solely in shares of Common Stock, do not represent outstanding shares or have voting rights and are non-transferrable. Includes 2,500 shares subject to options granted to Ms. Laing under the 2003 Equity Incentive Plan ( 2003 Incentive Plan ) which are currently exercisable or become exercisable before May 30, 2005. Also includes 833 shares of non-transferrable restricted stock granted to this director under the 2003 Incentive Plan which will vest after May 29, 2005.
- (8) Includes 22,121 stock units credited to Mr. Moore under the terms of the Director Phantom Stock Plan and 15,500 shares subject to options granted to Mr. Moore under the Company's 1994 Eligible Directors' Stock Option Plan (the Director Plan), the Amended and Restated 1994 Incentive Plan, as amended (the 1994 Incentive Plan) or the 2000 Incentive Plan which are currently exercisable or become exercisable before May 30, 2005. Includes 833 shares of non-transferrable restricted stock granted to this director under the 2003 Incentive Plan which will vest after May 29, 2005.
- (9) Arthur Coppola and Edward Coppola are brothers.
- (10) Includes 1,200 shares held by Mr. A. Coppola as custodian for his minor son.
- (11) Includes 155,293 shares of non-transferrable restricted stock granted to Mr. A. Coppola under the 1994 Incentive Plan, the 2000 Incentive Plan or the 2003 Incentive Plan which will vest after May 29, 2005.
- (12) Includes 436,476 shares subject to options granted to Mr. A. Coppola under the 1994 Incentive Plan which are currently exercisable or become exercisable before May 30, 2005.
- (13) Includes 22,707 stock units credited to Mr. Cownie under the terms of the Director Phantom Stock Plan and 32,000 shares subject to options granted to Mr. Cownie under the Director Plan, the 1994 Incentive Plan or the 2000 Incentive Plan which are currently exercisable or become exercisable before May 30, 2005. Includes 833 shares of non-transferrable restricted stock granted to this director under the 2003 Incentive Plan which will vest after May 29, 2005.
- (14) Includes 3,750 shares owned by Mr. Cownie's wife as to which shares Mr. Cownie has neither voting nor investment power and disclaims any beneficial ownership. Also includes 9,625 shares held in trust for unrelated third parties of which Mr. Cownie and his wife are trustees.
- (15) All shares of Common Stock are held by two Siegel Living Trusts.
- (16) All 3,514,316 OP Units are held by two Siegel Living Trusts.
- (17) Includes 27,920 shares subject to options granted to Mr. E. Coppola under the 1994 Incentive Plan that are currently exercisable or become exercisable before May 30, 2005.

(18) Includes 31,000 shares held by the E.C. Coppola Family Limited Partnership (an entity controlled by Mr. E. Coppola) and 3,600 shares held by Mr. E. Coppola as custodian for his minor children. This family partnership is 90% owned by the trusts for Mr. Coppola's children and 5% owned by each of Mr. Coppola and his wife. Mr. Coppola disclaims any beneficial ownership of the shares held by his wife.

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- (19) Includes 51,358 shares of non-transferrable restricted stock granted to Mr. E. Coppola under the 1994 Incentive Plan, the 2000 Incentive Plan or the 2003 Incentive Plan that will vest after May 29, 2005.
- (20) Includes 900 shares held in trust by Mr. Hubbell as trustee and 10,000 shares held in trust for the benefit of Mr. Hubbell and his descendants. Also includes 2,500 shares held by a foundation of which Mr. Hubbell and his wife are trustees. Also includes 4,000 shares held by his wife as to which Mr. Hubbell has neither voting nor investment power and disclaims any beneficial ownership.
- (21) Includes 31,000 shares subject to options granted to Mr. Hubbell under the Director Plan, the 1994 Incentive Plan or the 2000 Incentive Plan which are currently exercisable or become exercisable before May 30, 2005. Includes 833 shares of non-transferrable restricted stock granted to this director under the 2003 Incentive Plan which will vest after May 29, 2005.
- (22) Includes 20,967 stock units credited to Mr. Hubbell under the terms of the Director Phantom Stock Plan.
- (23) Includes 16,000 shares subject to options granted to Dr. Sexton under the Director Plan, the 1994 Incentive Plan or the 2000 Incentive Plan which are currently exercisable or become exercisable before May 30, 2005. Includes 833 shares of non-transferrable restricted stock granted to this director under the 2003 Incentive Plan which will vest after May 29, 2005.
- (24) Includes 22,711 stock units credited to Dr. Sexton under the terms of the Director Phantom Stock Plan.

The Company was formed on September 9, 1993 to continue the business of The Macerich Group, which had been engaged in the shopping center business since 1965. The principals of The Macerich Group consisted of Mace Siegel, Arthur Coppola, Dana Anderson, Edward Coppola, Richard Cohen and certain of their family members, relatives and business associates. The Company conducts all of its business through the Operating Partnership, the property partnerships and limited liability companies that own title to the Centers (the Property Partnerships ) and various management companies, Macerich Property Management Company, LLC, Macerich Management Company, Westcor Partners, LLC, Macerich Westcor Management, LLC and Westcor Partners of Colorado, LLC. The management companies provide property management, leasing and other related services to the Company's properties. Macerich Property Management Company, LLC, Macerich Management Company, Westcor Partners, LLC, Macerich Westcor Management, LLC and Westcor Partners of Colorado, LLC are each 100% owned directly or indirectly by the Operating Partnership. Prior to June 30, 2004, the Operating Partnership owned 100% of the non-voting preferred stock of Macerich Management Company and all of the common stock of such company was owned by Messrs. Siegel, A. Coppola and Anderson (the Principals ). (See Certain Transactions. )

The following provides certain biographical information with respect to all directors of the Company, including the Nominees.

Dana K. Anderson has been Vice Chairman of the Board of Directors since the Company's formation. In addition, Mr. Anderson served as Chief Operating Officer of the Company from its formation until December 1997. Mr. Anderson has been with The Macerich Group since 1966. He has 39 years of shopping center experience with The Macerich Group and the Company and 43 years of experience in the real estate industry. Mr. Anderson is a member of the Board of Directors of Alvamar Development Corp., a real estate development company.

Arthur M. Coppola has been President and Chief Executive Officer of the Company since its formation. Mr. Coppola has 30 years of experience in the shopping center industry, all of which has been with The Macerich Group and the Company. Mr. Coppola is also an attorney and a certified public accountant and a member of the Executive Committee and Chairman of the Building Infrastructure and

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Security Task Force of the Real Estate Roundtable. In addition, Mr. Coppola is the second vice-chair and a member of the Board of Governors of the National Association of Real Estate Investment Trusts, Inc. ( NAREIT ).

Edward C. Coppola has been Executive Vice President of the Company since its formation and became Senior Executive Vice President and Chief Investment Officer in 2004. He is responsible for directing the Company's acquisition activities and establishing the Company's strategic direction. He is also actively involved in the Company's capital market activities and in developing and maintaining relationships with joint venture partners and department stores. He has 29 years of shopping center experience with The Macerich Group and the Company. Mr. Coppola is also an attorney.

James S. Cownie, currently a private investor, was formerly Chairman of New Heritage Associates, a cable television operator with cable properties located in the Minneapolis/St. Paul, Minnesota area from 1991 to 1996. Prior to that, Mr. Cownie was Co-Founder and President of Heritage Communications, Inc., a cable television operator serving 22 states, from 1971 to 1990. Mr. Cownie is a member of the Board of Directors of Da-Lite Screen Company, a manufacturer of audio-visual equipment; MARKETLINK, INC., a cable telemarketing firm; and National By-Products, Inc., a converter of animal byproducts. Mr. Cownie serves on the Audit and Executive Committees of National By-Products, Inc.

Fred S. Hubbell is a member of the Executive Board and Chairman of Insurance and Asset Management Americas for ING Group, a Netherlands-based banking, insurance and asset management company, and has served as an Executive Board member since January 2000. Mr. Hubbell became Chairman of Insurance and Asset Management Americas in 2004 and was previously Chair of the Executive Committees of the Americas and Asia/Pacific beginning January 2000. Mr. Hubbell is also responsible for Nationale Nederlanden, ING's largest Dutch insurance company, and ING's asset management operations throughout Europe since May 2004. From February 1999 until January 2000, Mr. Hubbell was a member of the Executive Committee of Financial Services International for ING Group and from October 1997 until February 1999, Mr. Hubbell was President and Chief Executive Officer of the United States Life and Annuities Operations for ING Group. Mr. Hubbell was formerly Chairman, President and Chief Executive Officer of Equitable of Iowa Companies, an insurance holding company, serving in his position as Chairman from May 1993 to October 1997, and as President and Chief Executive Officer from May 1989 to October 1997. Mr. Hubbell served in various capacities with Equitable of Iowa Companies since 1983, in addition to serving as Chairman of Younkers, a department store chain and subsidiary of Equitable of Iowa Companies, from 1985 until 1992, when the retail subsidiary was sold. Mr. Hubbell is also an attorney.

Diana M. Laing has 22 years of real estate industry experience, with particular expertise in finance, capital markets, strategic planning, budgeting and financial reporting. She is Chief Financial Officer and Secretary of Thomas Properties Group, Inc., a real estate operating company, and has served in such capacity since May 2004. Ms. Laing served as Chief Financial Officer of each of Triple Net Properties, LLC from January through April 2004, New Pacific Realty Corporation from December 2001 to December 2003, and Firstsource Corp. from July 2000 to May 2001. Previously, Ms. Laing was Executive Vice President and Chief Financial Officer of Arden Realty, Inc., a publicly-traded REIT, from August 1996 to July 2000. From 1982 to August 1996, she served in various capacities including Executive Vice President, Chief Financial Officer and Treasurer of Southwest Property Trust, Inc., a publicly-traded multi-family REIT. Ms. Laing began her career as an auditor with Arthur Andersen & Company. She is a board member and Treasurer of the Big Brothers/Big Sisters of Greater Los Angeles and the Inland Empire.

Stanley A. Moore is Chief Executive Officer of Overton Moore Properties, which constructs, owns and manages office, industrial and mixed-use space and has served in such position since 1973. Mr. Moore also has been a director of Overton Moore Properties (or its predecessor) since 1973. Mr. Moore is past

president of the Southern California Chapter of the National Association of Industrial and Office Parks, and is a board member of the Economic Resources Corporation of South Central Los Angeles.

Dr. William P. Sexton is Vice President, Emeritus, University Relations of the University of Notre Dame and has served in such position since 1983. Dr. Sexton is also a full Professor in the Management Department and teaches in the University's Executive MBA Program. Dr. Sexton has been employed as a professor in the Management Department of the Business School at Notre Dame since 1966.

Mace Siegel has been Chairman of the Board of Directors of the Company since its formation. Mr. Siegel founded The Macerich Group in 1965 and has 52 years of experience in the shopping center business.

#### **The Board of Directors and its Committees**

*Board of Directors.* The Company is managed under the direction of a Board of Directors composed of nine members. A majority of the Board members are independent directors under the requirements set forth in the Company's Director Independence Standards (each, an Independent Director) which comply with the Corporate Governance Standards of the New York Stock Exchange (NYSE Rules). These Director Independence Standards are outlined in the Company's Guidelines on Corporate Governance which are available at [www.macerich.com](http://www.macerich.com) under Investing-Corporate Governance and are also available in print to any stockholder who requests a copy from the Company's Secretary. In addition, the Director Independence Standards are attached as Appendix I. The Board of Directors met seven times in 2004. Each of the directors attended at least 75% of the total number of meetings of the Board of Directors and of each committee on which he or she served during 2004.

*Director Independence.* For a director to be considered independent, the Board must affirmatively determine that the director does not have any direct or indirect material relationship with the Company or its executive officers. The Board has established Director Independence Standards to assist it in determining director independence. The Director Independence Standards establish exclusionary standards which conform to the independence requirements of the NYSE Rules (Exclusionary Standards) and categorical standards which identify permissible immaterial relationships between the directors and the Company and its executive officers (Categorical Standards). In addition to applying these standards, the Board will consider all relevant facts and circumstances in making an independence determination. Applying the Director Independence Standards, the Board has determined that the following five directors do not have any direct or indirect material relationship with the Company or its executive officers and, therefore, each is an Independent Director: Messrs. Cownie, Hubbell and Moore, Ms. Laing and Dr. Sexton. The Board specifically determined that none of these directors has any relationship with the Company or its executive officers which falls within the Exclusionary Standards or falls outside the Categorical Standards.

*Executive Committee.* The Executive Committee of the Board of Directors consists of Messrs. Moore, Siegel and A. Coppola and has such authority as is delegated by the Board and as permitted under applicable law, including authority to negotiate and implement acquisitions and to execute certain contracts and agreements with unaffiliated third parties. The primary purpose of the Executive Committee is to exercise the powers and duties of the Board between Board meetings and to implement the policy decisions of the Board on matters not delegated to other committees. Mr. A. Coppola is the chairperson. The Executive Committee did not meet during 2004.

*Audit Committee.* The Board's Audit Committee consists of Mr. Cownie, Ms. Laing and Dr. Sexton, each of whom is an Independent Director and meets the independence requirements for audit committee members under the NYSE Rules and the Securities Exchange Act of 1934, as amended ( Exchange Act ). Ms. Laing is the chairperson of the Committee and has been designated by the Board as an Audit Committee financial expert. The Audit Committee met six times during 2004, with all members attending each meeting.

Under the terms of the Audit Committee Charter, the purpose of this Committee is to assist the Board in overseeing the accounting and financial reporting processes and the audits of the financial statements of the Company, including the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the independent public accountants' qualifications and independence, and the performance of the Company's independent public accountants and internal audit function. This Committee's duties include:

- (1) selecting, evaluating and, where appropriate, replacing the independent public accountants,
- (2) reviewing the Company's financial statements with management and the independent public accountants,
- (3) reviewing and approving with the independent public accountants the scope and results of the audit engagement,
- (4) pre-approving audit and permissible non-audit services provided by the independent public accountants,
- (5) reviewing the independence of the independent public accountants, and
- (6) reviewing the adequacy of the Company's internal accounting controls.

*Compensation Committee.* The members of the Compensation Committee are Messrs. Cownie and Moore and Dr. Sexton, each of whom is an Independent Director. Dr. Sexton is the chairperson of this Committee. The Compensation Committee met four times during 2004, with all members attending each meeting. As outlined in its Charter, the Compensation Committee has overall responsibility for approving and evaluating the director and executive officer compensation plans, policies and programs of the Company as well as reviewing annually the Company's overall compensation structure and philosophy. The Compensation Committee specifically reviews and recommends to the Board of Directors compensation for the Company's executive officers, in addition to administering certain of the Company's employee benefit and stock plans.

*Nominating and Corporate Governance Committee.* The Nominating and Corporate Governance Committee consists of Messrs. Cownie, Hubbell and Moore, each of whom is an Independent Director. Mr. Moore serves as chairperson. The Nominating and Corporate Governance Committee met four times in 2004 and all members attended each meeting, except that Mr. Hubbell missed one meeting. The Nominating and Corporate Governance Committee operates under a Charter which provides that the Committee will:

- (1) assist the Board by identifying individuals qualified to become Board members and to recommend to the Board nominees for election as director by the stockholders or by the Board to fill a vacancy occurring between stockholder meetings,
- (2) recommend to the Board adoption of and changes to the Company's Guidelines on Corporate Governance,
- (3) lead the Board in its annual review of the performance of the Board and its committees,
- (4) recommend to the Board director nominees for each Board committee, and



(5) perform such other duties and responsibilities as are set forth in its Charter or delegated by the Board, including developing a succession plan to ensure continuity in the Company's management.

*Committee Charters.* The Charters for the Executive Committee, Audit Committee, Compensation Committee and the Nominating and Corporate Governance Committee are available at [www.macerich.com](http://www.macerich.com) under Investing-Corporate Governance. In addition, the Audit Committee Charter which was amended and restated on February 3, 2005 is included as Appendix II. Each Charter is also available in print to any stockholder who requests a copy from the Company's Secretary.

*Director Selection Process.* The Nominating and Corporate Governance Committee utilizes a variety of methods for identifying and evaluating nominees for director. The Nominating and Corporate Governance Committee periodically assesses the appropriate size of the Board of Directors, and whether any vacancies are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Nominating and Corporate Governance Committee considers various potential candidates for director. Candidates may come to the attention of the Nominating and Corporate Governance Committee through current Board members, officers, professional search firms, stockholders or other persons. These candidates are evaluated at regular or special meetings of the Nominating and Corporate Governance Committee and may be considered at any point during the year. The Nominating and Corporate Governance Committee also will review any materials provided by professional search firms or other parties in connection with a nominee. In evaluating such nominations, the Nominating and Corporate Governance Committee seeks to achieve a balance of knowledge, experience and capability on the Board. This Committee will make the final recommendations of candidates to the Board for nomination.

The Board of Directors has a policy that stockholders may propose nominees for consideration by the Nominating and Corporate Governance Committee for election at an annual meeting of stockholders by submitting the names and qualifications of such persons to the Nominating and Corporate Governance Committee c/o the Company's Secretary. The submissions must be made in accordance with the advance notice and information requirements set forth in the Company's Bylaws, a copy of which will be made available upon request. The Nominating and Corporate Governance Committee does not apply any specific, minimum qualifications in determining a director candidate and does not impose additional qualifications on stockholder-recommended potential nominees. Instead, the Committee reviews the candidates taking into account the current Board membership and considers a variety of factors, including the specific needs of the Company and the Board, the experience, skills, areas of expertise, independence, productivity and length of service of the candidates, as applicable. This process is described in the Company's Guidelines on Corporate Governance which are available at [www.macerich.com](http://www.macerich.com) under Investing-Corporate Governance.

*Presiding Director.* The Independent Directors of the Company designated Mr. Moore to act as Presiding Director for the non-management directors of the Company. The role of the Presiding Director is to prepare with the Chief Executive Officer the board agendas, chair the executive sessions of the non-management directors, call meetings of the Independent Directors and perform such other functions as the Board or non-management directors may direct. The non-management directors meet in separate executive sessions after each regularly-scheduled quarterly Board meeting. The non-management directors met four times in 2004. Each non-management director is an Independent Director.

*Attendance at Stockholders Meetings.* The Board encourages directors in the Santa Monica area at the time of the Stockholders Meeting to attend the meeting. The Board does not require attendance because the Company's stock is predominately held by institutional stockholders and attendance is traditionally light. At the 2004 Annual Stockholders Meeting, four directors and two executive officers of the Company attended.



*Contact the Company's Board.* Individuals may contact the Company's entire Board of Directors, the non-management directors as a group or the Presiding Director for the non-management directors, by sending an email as follows:

Board of Directors boardofdirectors@macerich.com

Non-Management Directors nonmanagementdirectors@macerich.com

Presiding Director of the Non-Management Directors presidingdirector@macerich.com

Such communications may be anonymous and also may be submitted in writing in care of:

Attention: Corporate Secretary  
The Macerich Company  
401 Wilshire Blvd., Suite 700  
Santa Monica, CA 90401

All communications are distributed to the Board, or to any individual director or directors as appropriate, depending on the facts and circumstances of the communication. The Board of Directors has requested that certain items that are unrelated to the duties and responsibilities of the Board be excluded, such as spam, junk mail and mass mailings, resumes and other forms of job inquiries, surveys, business solicitations or advertisements.

*Codes of Ethics.* The Company expects that all of its directors, officers and employees will maintain a high level of integrity in their dealings with and on behalf of the Company and will act in the best interests of the Company. The Company has adopted a Code of Business Conduct and Ethics which provides principles of conduct and ethics for the Company's directors, officers and employees. This Code complies with the requirements of the Sarbanes-Oxley Act of 2002 and the NYSE Rules. In addition, the Company has adopted a Code of Ethics for the CEO and Senior Financial Officers which supplements the Code of Business Conduct and Ethics applicable to all employees. Each of these Codes of Conduct is available on the Company's website at [www.macerich.com](http://www.macerich.com) under "Investing-Corporate Governance" and is also available in print to any stockholder who requests a copy from the Company's Secretary.

#### **Compensation of Directors**

Non-employee directors are compensated for their services according to a standard arrangement authorized by resolution of the Board of Directors. Effective January 1, 2004, the compensation for Board members changed based on the results of a directors' compensation study prepared by FPL Associates, L.P., the Company's outside compensation consultant. Subject to elections under the Director Phantom Stock Plan, each non-employee director is entitled to an annual retainer fee of \$40,000, payable in equal quarterly installments, plus a fee of \$1,000 for each Board meeting attended and \$500 for every telephonic meeting attended. Non-employee directors attending any committee meeting are also entitled to an additional fee of \$1,000 for each committee meeting attended and \$500 for every telephonic meeting attended, unless the committee meeting is held on the day of a meeting of the Board of Directors. The Chairman of each committee also receives twice the amount of any meeting fees paid to the committee members, except that the chairs of the Audit and Compensation Committees instead receive \$10,000 a year. A Board member who is also an employee of the Company or a subsidiary does not receive compensation for service as a director. Messrs. Siegel, A. Coppola, Anderson and E. Coppola are the only directors who are also employees of the Company or a subsidiary. The reasonable expenses incurred by each director in connection with the performance of the director's duties are also reimbursed by the Company.

Commencing December 30, 2003, the Board established a policy providing that each director of the Company who is not otherwise an employee of the Company or any of its subsidiaries or affiliates on each March 31 automatically will receive an annual aggregate grant of 500 shares of restricted stock which will vest over three years. Each non-employee director, upon joining the Board of Directors, will also receive an initial grant of 500 shares of restricted stock which will vest over three years. These restricted stock grants will be made pursuant to the 2003 Incentive Plan.

The Director Phantom Stock Plan offers non-management directors the opportunity to defer cash compensation for up to three years and to receive that compensation (to the extent that it is actually earned by service during that period) in shares of Common Stock rather than in cash after termination of service or a predetermined period. Such compensation includes the annual retainer, regular meeting fees and special meeting fees payable by the Company to a non-management director. Every non-management director during his or her term of service has elected to receive such compensation in Common Stock. Deferred amounts are credited as stock units at the beginning of the applicable deferral period based on the then current market price of the Common Stock. Stock unit balances are credited with dividend equivalents (priced at market) and are ultimately paid out in shares on a 1:1 basis. A maximum of 250,000 shares of Common Stock may be issued in total under the Director Phantom Stock Plan, subject to certain customary adjustments. In 2004, Messrs. Cownie, Hubbell and Moore, Ms. Laing and Dr. Sexton were credited with approximately 1,047, 967, 1,011, 223 and 1,047 stock units (including stock units for director compensation for 2004 special meetings and dividend equivalents for 2004) under the Director Phantom Stock Plan, respectively. The vesting of the stock units is accelerated in case of the death or disability of a director or, after a change in control event, the termination of his or her services as a director.

**Executive Officers**

The following table sets forth the names, ages and positions of the executive officers of the Company, the date each became an officer of the Company, and the number of shares of the Company's Common Stock and OP Units beneficially owned by each of them as of March 31, 2005. Executive officers of the Company serve at the pleasure of the Board of Directors. All but one of the executive officers of the Company have employment agreements with the Company as described below.

Name	Age	Position	Officer Since	Amount and Nature of Beneficial Ownership of Common Stock(1)	Percent of Common Stock(2)	Amount and Nature of Beneficial Ownership of OP Units(1)	Percent of Common Stock(3)
Mace Siegel	79	Chairman of the Board of Directors	1993	171,468(4)	*	3,514,316 (5)	5.86 %
Arthur M. Coppola	53	President and Chief Executive Officer	1993	1,257,948(6)(7)(8)	2.11 %	1,443,316	4.44 %
Dana K. Anderson	70	Vice Chairman of the Board of Directors	1993	83,097(9)	*	1,292,632 (10)	2.33 %
Edward C. Coppola	50	Senior Executive Vice President and Chief Investment Officer	1993	378,537(11)(12)(13)	*	841,368	2.02 %
Thomas E. O'Hern	49	Executive Vice President, Chief Financial Officer and Treasurer	1993	109,065(14)(15)	*		*
Richard A. Bayer	55	Executive Vice President, General Counsel and Secretary	1994	72,216(16)(17)	*		*
David J. Contis	46	Executive Vice President and Chief Operating Officer	1997	126,752(18)(19)(20)	*		*
Larry E. Sidwell	61	Executive Vice President, Real Estate	1998	66,660(21)	*		*

\* The percentage of shares beneficially owned by this executive officer does not exceed one percent of the Company's Common Stock.

(1) Except as provided under applicable state marital property laws or as otherwise noted, each individual in the table above has sole voting and investment power over the shares of Common Stock or OP Units listed.

(2) Assumes that none of the outstanding OP Units or any convertible securities of the Company are redeemed for or converted into shares of Common Stock.

- (3) Assumes that all OP Units held by the person are redeemed for shares of Common Stock and that none of the OP Units or any convertible securities of the Company held by other persons are redeemed for or converted into shares of Common Stock, notwithstanding the percentage limitations under the Company's Charter which limit the number of shares that may be acquired by such person.
- (4) All shares of Common Stock are held by two Siegel Living Trusts.
- (5) All 3,514,316 OP Units are held by two Siegel Living Trusts.
- (6) Includes 1,200 shares held by Mr. A. Coppola as custodian for his minor son.
- (7) Includes 436,476 shares subject to options granted to Mr. A. Coppola under the 1994 Incentive Plan which are currently exercisable or become exercisable before May 30, 2005.
- (8) Includes 155,293 shares of non-transferrable restricted stock granted to Mr. A. Coppola under the 1994 Incentive Plan, the 2000 Incentive Plan or the 2003 Incentive Plan which will vest after May 29, 2005.
- (9) All shares of Common Stock are held in trust by Mr. Anderson as trustee of the Anderson Family Trust for the benefit of Mr. Anderson and his wife.
- (10) All 1,292,632 OP Units are held by Mr. Anderson as trustee of the Anderson Family Trust for the benefit of Mr. Anderson and his wife.
- (11) Includes 27,920 shares subject to options granted to Mr. E. Coppola under the 1994 Incentive Plan which are currently exercisable or become exercisable before May 30, 2005.
- (12) Includes 31,000 shares held by the E.C. Coppola Family Limited Partnership (an entity controlled by Mr. E. Coppola) and 3,600 shares held by Mr. E. Coppola as custodian for his minor children. This family partnership is 90% owned by the trusts for Mr. Coppola's children and 5% owned by each of Mr. Coppola and his wife. Mr. Coppola disclaims any beneficial ownership of the shares held by his wife.
- (13) Includes 51,358 shares of non-transferrable restricted stock granted to Mr. E. Coppola under the 1994 Incentive Plan, the 2000 Incentive Plan or the 2003 Incentive Plan which will vest after May 29, 2005.
- (14) Includes 3,595 shares held by Mr. O. Hern as custodian for his minor children.
- (15) Includes 37,249 shares of non-transferrable restricted stock granted to Mr. O. Hern under the 1994 Incentive Plan, the 2000 Incentive Plan or the 2003 Incentive Plan which will vest after May 29, 2005 and 790 shares of Common Stock held for Mr. O. Hern under the Company's 401(k)/Profit Sharing Plan.
- (16) Includes 12,834 shares subject to options granted to Mr. Bayer under the 1994 Incentive Plan which are currently exercisable or become exercisable before May 30, 2004 and 3,495 shares held by Mr. Bayer as custodian for his minor children. Also includes shares of Common Stock held by the Bayer Trust for which Mr. Bayer and his wife are co-trustees.
- (17) Includes 31,927 shares of non-transferrable restricted stock granted to Mr. Bayer under the 1994 Incentive Plan, the 2000 Incentive Plan or the 2003 Incentive Plan which will vest after May 29, 2005.

(18) Includes 10,010 shares subject to options granted to Mr. Contis under the 1994 Incentive Plan which are currently exercisable or become exercisable before May 30, 2005.

(19) Includes 42,569 shares of non-transferrable restricted stock granted to Mr. Contis under the 1994 Incentive Plan, the 2000 Incentive Plan or the 2003 Incentive Plan which will vest after May 29, 2005.

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(20) Includes 600 shares owned by Mr. Contis' wife as to which shares Mr. Contis has neither voting nor investment power and disclaims any beneficial ownership, and 4,175 shares held by Mr. Contis as custodian for his minor children. In addition, includes 48,658 shares held in the Contis Family Trust for which Mr. Contis and his wife are co-trustees.

(21) Includes 13,675 shares of non-transferrable restricted stock granted to Mr. Sidwell under the 1994 Incentive Plan, the 2000 Incentive Plan or the 2003 Incentive Plan which will vest after May 29, 2005.

Biographical information concerning Messrs. Siegel, A. Coppola, Anderson and E. Coppola is set forth under the caption "Information Regarding Nominees and Directors."

Thomas E. O'Hern has been an Executive Vice President of the Company since December 1998 and has been the Chief Financial Officer and Treasurer of the Company since July 1994. Mr. O'Hern also served as a Senior Vice President of the Company from March 1994 to December 1998. From the formation of the Company to July 1994, Mr. O'Hern served as Chief Accounting Officer, Treasurer and Secretary of the Company. Mr. O'Hern was a certified public accountant with Arthur Andersen & Co. from 1978 through 1984. Mr. O'Hern is a member of the Board of Directors of Linux Progeny, Inc., a private software company, and is a trustee for Little Company of Mary Hospital Foundation.

Richard A. Bayer joined the Company in May 1994, and has been General Counsel and Secretary of the Company since July 28, 1994 and an Executive Vice President of the Company since December 1998. From 1983 to 1994, Mr. Bayer was an attorney with the law firm of O'Melveny & Myers LLP. From 1972 to 1983, Mr. Bayer held various professional positions at the University of California, San Diego, including Resident Dean of Revelle College and Associate Dean of Students. Mr. Bayer is a member of the Board of Directors of the Independent Colleges of Southern California, Inc., a 501(c)(3) tax-exempt charitable organization, and is a member of the Board of Trustees of Whittier College.

David J. Contis has been employed by the Company since May 1997, and currently serves as its Executive Vice President and Chief Operating Officer. Prior to joining the Company, Mr. Contis was employed from January 1980 to May 1997 by various affiliates of Equity Group Investments Inc., a diversified holding company for the real estate and corporate investments of Samuel Zell. From 1987 to 1997, Mr. Contis was employed in various capacities by Equity Properties & Development L.P., a subsidiary of Equity Group Investments Inc. Equity Properties & Development L.P. owned and managed a portfolio of 38 retail properties, aggregating 20 million square feet. In 1992, Mr. Contis was named Vice Chairman, Executive Vice President and Chief Operating Officer of Equity Properties & Development L.P. From 1997 until June 2003, Mr. Contis served as a member of the Board of Directors, Compensation Committee and Audit Committee of Dundee Realty Corp., Toronto, Canada. Mr. Contis is also an attorney. In addition, Mr. Contis is a Trustee of the International Council of Shopping Centers.

Larry E. Sidwell joined the Company in February 1997 as Senior Vice President, Development of Macerich Management Company, was appointed Senior Vice President, Development of the Company in April 1998 and is currently Executive Vice President, Real Estate. He is responsible for the Company's redevelopment and expansion activities involving anchor tenants. Mr. Sidwell held various positions with The May Department Stores Company during the period from April 1983 until joining the Company in 1997, including Vice President of the Western Region, and Senior Vice President of May Realty, Inc. Mr. Sidwell was Director of Development of C.B.L. & Associates, Inc. from December 1981 until March 1983, and prior to that held various positions with Sears, Roebuck and Co. during the period commencing in July 1969, including Vice President, Development for the Western Region for Homart Development Co.

**Executive Compensation**

The following table and accompanying notes show for the Chairman, Chief Executive Officer, Vice-Chairman and the four next most highly compensated executive officers of the Company, as of December 31, 2004, the aggregate compensation paid by the Company and the Macerich Management Company to such persons for their performance during 2004, 2003 and 2002.

**Summary Compensation Table**

Name and Principal Position	Year	Annual Compensation		Other Annual Compensation (\$)(2)	Long Term Compensation Awards	Securities Underlying Options/SARs (#)	All Other Compensation \$(5)(6)
		Salary \$(1)	Bonus (\$)		Restricted Stock Awards \$(3)(4)		
<b>Mace Siegel</b> Chairman	2004	350,000		58,000			117,143
	2003	350,000					151,550
	2002	350,000					3,745
<b>Arthur M. Coppola</b> President and Chief Executive Officer	2004	650,000	(3)	71,400	3,250,000		87,290
	2003	650,000	(3)	95,000	2,166,665		240,130
	2002	668,462	(3)		2,708,323		95,624
<b>Dana K. Anderson</b> Vice Chairman	2004	300,000					30,152
	2003	300,000					9,808
	2002	300,000					5,895
<b>Edward C. Coppola</b> Senior Executive Vice President and Chief Investment Officer	2004	376,923	(3)		1,500,000		56,238
	2003	350,000	(3)		849,987		41,707
	2002	350,000	(3)		1,249,998		22,983
<b>David J. Contis</b> Executive Vice President and Chief Operating Officer	2004	400,000	(3)		1,200,000		129,246
	2003	400,000	(3)		799,996		124,821
	2002	400,000	112,901(3)(7)		1,000,011		40,000
<b>Thomas E. O'Hern</b> Executive Vice President, Chief Financial Officer and Treasurer	2004	350,000	(3)		1,050,000		123,642
	2003	350,000	(3)		700,000		135,901
	2002	350,000	(3)		875,000		32,250
<b>Richard A. Bayer</b> Executive Vice President, General Counsel and Secretary	2004	300,000	(3)		900,000		37,508
	2003	300,000	(3)		600,005		6,621
	2002	300,000	(3)		749,992		6,000

(1) The base salary for Mr. E. Coppola increased to \$420,000 effective August 2, 2004. The base salary for Mr. A. Coppola in 2002 reflected a salary increase from \$500,000 to \$650,000 retroactive to November 8, 2001. Salary earned but deferred under the Company's deferred compensation plans at the election of those officers is included in such amounts. Under split dollar life insurance arrangements with Messrs. Siegel, A. Coppola, Anderson and E. Coppola in 2002, the Company used some portion of the amounts deferred to pay the component of the premium attributable to the whole life element of a life insurance policy for each executive. The Company has not included the amount of premiums attributable to the whole life elements of the policies in the column for All Other Compensation, where such premium payments are normally reported, because to do so would result in a double reporting of those amounts. The component of the premium attributable to the term element of the policy was not paid by the Company. Since July 30, 2002, the effective date of the Sarbanes-Oxley Act of 2002, the Company has not paid any premium payments on the policies. Messrs. Siegel and Anderson terminated their split dollar life insurance arrangements in 2003 and 2004, respectively.

(2) Amounts shown for Messrs. Siegel and A. Coppola reflect the incremental cost to the Company of their personal use of a private aircraft in which the Company owns a fractional interest. The value of all perquisites and personal benefits, securities or property provided by the Company to each of the above executives based on the incremental cost to the Company did not exceed the lesser of \$50,000 or 10% of the annual salary and bonus of the executive in any year, except for Messrs. Siegel and A. Coppola in 2004 and Mr. A. Coppola in 2003. Any executive officer who may receive perquisites or other personal benefits in an amount greater than \$5,000 (calculated based on the imputed compensation value used by the Internal Revenue Service and not the incremental cost to the Company) must pay the amount in excess thereof.

(3) The Company has established a cash bonus/restricted stock program (the Restricted Stock Bonus Program) under the 1994 Incentive Plan, the 2000 Incentive Plan and the 2003 Incentive Plan for executives and senior officers. In 2002, 2003 and 2004, eligible participants were offered the opportunity to elect to receive all or a portion of what would otherwise have been a cash bonus in restricted stock. Subject to certain conditions, if a participant timely elected to receive restricted stock instead of cash, he received a number of restricted shares of Common Stock that had a market value (not considering the effect of vesting restrictions) as of the date of the award at 1.5 times the amount he would otherwise then receive in cash. The dollar value of these bonus awards, to the extent paid in restricted shares, is included under the column Restricted Stock Awards at this higher amount and represents in that respect value for services to be rendered prior to the vesting of the award.

For the bonus earned in 2004, Messrs. A. Coppola, E. Coppola, Contis, O. Hern and Bayer elected to participate in the Restricted Stock Bonus Program. The notional cash amount of the executive's bonus received in restricted stock, the number of shares of restricted stock received under the Restricted Stock Bonus Program and the dollar value of such shares as of the grant date based on the closing price of the Common Stock on March 31, 2005 of \$53.28 were: Arthur Coppola-\$1,300,000; 36,599 (\$1,950,000); Edward Coppola-\$600,000; 16,892 shares (\$900,000); David Contis-\$480,000; 13,514 shares (\$720,000); Thomas O. Hern-\$420,000; 11,824 shares (\$630,000) and Richard Bayer-\$360,000; 10,135 shares (\$540,000). See also Note (4) below.

For the bonus earned in 2003, Messrs. A. Coppola, E. Coppola, Contis, O. Hern and Bayer elected to participate in the Restricted Stock Bonus Program and received grants on two different dates. The notional cash amount of the executive's bonus received in restricted stock, the number of shares of restricted stock received under the Restricted Stock Bonus Program and the dollar value of such shares as of the first grant date based on the closing price of the Common Stock on March 31, 2003 of \$31.68 were: Arthur Coppola-\$216,667; 10,259 shares (\$325,000); Edward Coppola-\$100,000; 4,735 shares (\$150,000); David Contis-\$80,000; 3,788 shares (\$120,000); Thomas O. Hern-\$70,000; 3,314 shares (\$105,000); and Richard Bayer-\$60,000; 2,841 shares (\$90,000). The notional cash amount of the executive's bonus received in restricted stock, the number of shares of restricted stock received under the Restricted Stock Bonus Program and the dollar value of such shares as of the second grant date based on the closing price of the Common Stock on March 31, 2004 of \$53.90 were: Arthur Coppola-\$650,000; 18,089 shares (\$975,000); Edward Coppola-\$240,000; 6,679 shares (\$360,000); David Contis-\$240,000; 6,679 shares (\$360,000); Thomas O. Hern-\$210,000; 5,844 shares (\$315,000); and Richard Bayer-\$180,000; 5,009 shares (\$270,000). See also Note (4) below.

For the bonus earned in 2002, Messrs. A. Coppola, E. Coppola, Contis, O. Hern and Bayer elected to participate in the Restricted Stock Bonus Program. The notional cash amount of the executive's bonus received in restricted stock, the number of shares of restricted stock received under the Restricted Stock Bonus Program and the dollar value of such shares as of the measurement date based on the closing price of the Common Stock on March 31, 2003 of \$31.68 were: Arthur Coppola-\$1,083,333; 51,294 shares (\$1,625,000); Edward Coppola-\$500,000; 23,674 shares (\$750,000); David Contis-\$400,000; 18,939 shares (\$600,000); Thomas O. Hern-\$350,000; 16,572 shares (\$525,000); and Richard Bayer-\$300,000; 14,205 shares (\$450,000). See also Note (4) below.

(4) Dollar amount shown equals the number of shares of restricted stock earned in the applicable year (including those grants under the Restricted Stock Bonus Program) multiplied by the stock price on the grant date. This valuation does not take into account the diminution in value attributable to the restrictions applicable to the shares. Certain of the restricted stock grants in 2003 were granted subject to the achievement of certain performance-related goals concerning the acquisition of Westcor Realty Limited Partnership, LP and its affiliates (Westcor). The Compensation Committee determined those goals were achieved on November 3, 2003. The number of shares of restricted stock released on November 3, 2003 and the dollar value of such shares based on the closing stock price on November 3, 2003 of \$41.00 were: Arthur Coppola 17,098 shares (\$701,018); Edward



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Coppola-7,891 shares (\$323,531); David Contis-6,313 shares (\$258,833); Thomas O Hern-5,524 shares (\$226,484); and Richard Bayer-4,735 shares (\$194,135).

The number and dollar value of shares of restricted stock held on December 31, 2004 based on the closing price of the Common Stock on December 31, 2004 of \$62.80 were: Arthur Coppola 173,617 shares (\$10,903,148); Edward Coppola-46,843 shares (\$2,941,740); David Contis-40,253 shares (\$2,527,888); Thomas O Hern-35,223 shares (\$2,212,004); and Richard Bayer-30,190 shares (\$1,895,932). Restricted stock granted in 2002, 2003 and 2004 vests over a three-year period, with 33 1/3% of the shares vesting on each of the first, second and third anniversaries of the grant date, except for Mr. A. Coppola's February 14, 2002 grant of 100,000 shares which vests in equal installments over five years. Dividends are paid in cash on all shares of restricted stock at the same rate as on unrestricted shares. The vesting of restricted stock held also will be accelerated if the Company terminates the executive without cause. For Messrs. E. Coppola, Contis, O Hern and Bayer, the vesting of restricted stock held by these executive officers will be accelerated upon a change of control pursuant to the terms of the agreements discussed below. Vesting can also be accelerated in the discretion of the Committee administering the applicable plans.

(5) Amounts shown for 2004, 2003 and 2002 include matching deferred compensation contributions by the Company as determined by the Board of Directors annually under certain deferred compensation plans. Amounts shown for Messrs. E. Coppola (in 2002 and 2004), Contis, O Hern and Bayer also include profit sharing contributions by the Company as determined by the Board of Directors annually under the Company's 401(k)/Profit Sharing Plan. In addition, the 2004 amounts show matching contributions by the Company under the Company's 401(k)/Profit Sharing Plan for Messrs. Anderson, O Hern, Contis and Bayer.

(6) Amounts shown for 2004 and 2003 include the amounts earned in 2004 and 2003 based upon selected crediting alternatives under the Company's deferred compensation plans by Mr. Siegel (2004-\$117,143) and (2003-\$148,666); Mr. Anderson (2004-\$7,767) and (2003-\$0); Mr. A. Coppola (2004-\$87,290) and (2003-\$171,699); Mr. E. Coppola (2004-\$31,392) and (2003-\$30,265); Mr. Contis (2004-\$94,118) and (2003-\$98,821); Mr. O Hern (2004-\$89,930) and (2003-\$121,151) and Mr. Bayer (2004-\$6,908) and (2003-\$621). No amounts were earned in 2002 for these participants based upon selected crediting alternatives under the Company's deferred compensation plans. Amounts reported do not include dividends paid on restricted stock at the same rate as paid on outstanding unrestricted shares.

(7) Represents forgiveness of \$110,000 of principal and \$2,901 of imputed interest for 2002. All amounts representing imputed interest were calculated at an imputed rate of 7% per annum. As of May 1, 2002, there was no outstanding principal balance remaining.

### **Employment and Termination Benefit Agreements**

The Company or an affiliate has employment agreements with Messrs. Siegel, A. Coppola, Anderson, E. Coppola, O Hern, Bayer and Sidwell which provide for various benefits, including minimum annual base salaries. Actual salaries paid to each of these executives are set forth in the Summary Compensation Table above and exceed the minimum base salaries. All of the agreements are in extension periods and provide for automatic one-year extensions when one year of the term, as extended, remains unless notice to the contrary is delivered by either party within 30 days of the expiration date.

The employment agreements provide for various payments to the executive officer or his beneficiaries in the event of his death, disability or termination of employment. In the event of death or disability, during the remainder of the term of the agreement, the Company will continue to pay the executive or his beneficiaries, as applicable, the executive's annual base salary at the same time and in the same manner as if he had continued to perform services under the agreement. In addition, the executive or his surviving spouse is entitled to receive the same level of health insurance provided to other executives of the Company. If the executive's employment is terminated by the Company for cause or because the executive violated any non-competition, anti-solicitation or confidentiality provisions of the agreement, the agreement terminates without further obligation to the executive except for payment of accrued amounts (including any deferred compensation). If the Company terminates the executive's employment other than for cause, the Company is required to pay to the executive a lump sum equal to three times the executive's base salary for one year at the rate in effect immediately prior to the executive's termination, any accrued

vacation pay and any compensation previously deferred by the executive in accordance with the terms of any deferred compensation plan or agreement.

These employment agreements further provide various benefits to the executives if, within two years following a change of control, the executive officer's employment is terminated other than for cause or he terminates his employment for good reason. In 2002, the Company entered into Management Continuity Agreements (the Continuity Agreements) with Messrs. E. Coppola, Contis, O'Hern, Bayer and Sidwell which amend the change of control benefits provided under the employment agreements for each such executive (as applicable) and provide benefits consistent with current industry practice. The Continuity Agreements provide that if within two years following a change of control (the Protected Period) the executive officer's employment is terminated for any reason other than cause, death or disability or by the executive for good reason, such executive officer will be entitled to receive an amount equal to two times the sum of (1) the executive's base salary and (2) the average of the cash and stock portion of the executive's annual incentive bonus payable in each of the three preceding years (including any cash portion of an incentive bonus which the executive has elected to convert into shares of restricted stock or stock units under the Restricted Stock Bonus Program or other comparable, optional stock-in-lieu of cash benefit programs). Good reason generally includes an adverse and significant change in position, duties or responsibilities, reduction in base salary, change of location, adverse modification of bonus, benefit plans or fringe benefits or material breach of the employment agreement or Continuity Agreement by the Company. Change of control generally requires a corporate transaction involving a 40% or greater change in ownership, certain majority changes in the Board of Directors or with limited exceptions the acquisition of more than 20% of the Company's outstanding shares of Common Stock or voting securities by any person.

The Continuity Agreements further provide that if any payment by the Company to or for the benefit of the executive (whether pursuant to the terms of the Continuity Agreement or otherwise) would be subject to an excise tax imposed under certain provisions of the Internal Revenue Code of 1986, as amended (the Code) or any interest or penalties with respect thereto (the Excise Tax), then the executive shall be entitled to receive a gross-up payment in an amount so that the executive is in the same after-tax position as if there were no Excise Tax. The executive will not receive this gross-up payment if the parachute value of all such payments does not exceed 110% of an amount equal to 2.99 times the executive's base amount (the Safe Harbor Amount). In such event, the amounts payable under the Continuity Agreement shall be reduced so that the parachute value of all payments to the executive, in the aggregate, equals the Safe Harbor Amount.

Upon a change of control, the Continuity Agreements provide that any shares of restricted stock or stock units held by the executive that remain unvested shall immediately vest and any unvested stock options held by the executive shall vest and be exercisable. Any such stock options shall remain exercisable not less than one year after the date of the change of control.

Messrs. Siegel, A. Coppola and Anderson will receive the change of control benefits provided under their employment agreements. These agreements generally provide various benefits to the executives if, within two years following a change of control, the executive officer's employment is terminated other than for cause or he terminates his employment for good reason which includes payment of an amount equal to the sum of the highest annual salary in effect during the three years preceding the change of control and the highest bonus award received for any calendar year prior to the change of control. Any unvested restricted stock also will generally be accelerated if the executive terminates for good reason after a change of control.

In addition, the vesting of restricted stock held by executive officers generally will be accelerated if the Company terminates the executive without cause. The Compensation Committee also has discretionary authority to accelerate the exercisability of any or all options and the vesting of other awards under the Incentive Plans in a change in control or other context.

Furthermore, the Company has established an executive officer salary deferral plan for Messrs. Siegel, A. Coppola, Anderson and E. Coppola pursuant to which participants are entitled to defer compensation until the earlier of a specified date established by the participant or his death. This plan provides that participants become 100% vested upon a change in control in all amounts credited to their accounts.

### Option Grants and Exercises

*Option Grants in Fiscal Year 2004.* None of the executives listed under the Summary Compensation Table received any option grants in 2004. The Company has not granted any stock appreciation rights.

*Option Exercises and Year-End Holdings.* The following table sets forth information regarding the number and value of options held at the end of 2004 by the Company's Chairman of the Board, Chief Executive Officer, Vice Chairman and the four other most highly compensated executive officers.

### Aggregated Option Exercises in 2004 and Fiscal Year-End Option Values

Name	Securities Acquired on Exercise(#)	Value Realized\$(1)(2)	Number of Securities Underlying Unexercised Options at Fiscal Year-End(#) Exercisable/ Unexercisable	Value of Unexercised in-the-Money Options at Fiscal Year End\$(1) Exercisable/ Unexercisable
Mace Siegel	16,711	422,955	0/0	0/0
Arthur M. Coppola	134,211	4,042,435	436,476/0	17,453,686/0
Dana K. Anderson	0	0	0/0	0/0
Edward C. Coppola	174,211	5,324,716	27,920	1,102,066/0
David J. Contis	0	0	10,010/0	394,646/0
Thomas E. O'Hern	0	0	0/0	0/0
Richard A. Bayer	4,914	304,373	12,834/0	505,982

(1) This amount represents solely the difference between the market value at December 31, 2004 (\$62.80) of those unexercised options which had an exercise price below such market price (i.e., in-the-money options) and the respective exercise prices of the options. No assumptions or representations regarding the value of such options are made or intended.

(2) An individual, upon exercise of an option, does not receive cash equal to the amount contained in the Value Realized column of this table. Instead, the amounts contained in the Value Realized column reflect the increase in the price of Common Stock from the option grant date to the option exercise date. No cash is realized until the shares received upon exercise of an option are sold.

### Compensation Committee Interlocks and Inside Participation

The Compensation Committee members are James Cownie, Stanley Moore and Dr. William Sexton. No member of the Compensation Committee is a past or present officer or employee of the Company. Although Mr. Moore's son-in-law was employed by one of the Company's affiliates as a Senior Vice President of Business Development during 2004, his employment with the Company ended as of December 31, 2004. His 2004 salary, bonus and severance did not exceed \$275,000. The compensation and benefits provided to him were consistent with those provided to other employees with comparable qualifications, responsibilities and experience. Mr. Moore did not participate in any decision-making regarding his son-in-law's performance or compensation. No compensation committee interlocks existed during 2004.

### Certain Transactions

The following provides a description of certain relationships and related transactions between various directors and executive officers of the Company and the Company or its subsidiaries and affiliates.



*Macerich Management Company.* Prior to June 30, 2004, all of the common stock of Macerich Management Company was owned by the Principals, which enabled the Principals to control the election of the board of directors. The Operating Partnership owned all of the non-voting preferred stock of Macerich Management Company, which was generally entitled to dividends equal to 95% of the net cash flow of the company. On June 30, 2004, the Operating Partnership became the sole owner of all of the outstanding preferred and common stock of Macerich Management Company by acquiring the common stock from the Principals for nominal consideration. Macerich Management Company provides property management services to Centers owned by certain of the Company's joint venture entities and other third parties.

Macerich Management Company provides property management, leasing and other related services to eight community shopping centers and other businesses in which Mr. Siegel has interests. Under the terms of the applicable management agreements, Macerich Management Company pays compensation to on-site employees, leasing agents and redevelopment and construction staff, and other administrative expenses. In addition, Macerich Management Company earns a management fee equal to approximately two percent of gross rental revenue. Management fees earned from services provided to these community shopping centers and other businesses during the year ended December 31, 2004 were \$71,424.

Pursuant to certain management agreements, the Operating Partnership and certain Property Partnerships engage Macerich Management Company to provide property management, leasing and other related services to the Centers. Under the terms of the management agreements, Macerich Management Company is reimbursed for compensation paid to on-site mall employees, leasing agents and redevelopment and construction staff, and other administrative expenses. In addition, Macerich Management Company earns a management fee typically equal to three and one-half to five percent of gross rental revenue. Management fees paid to Macerich Management Company for services provided to the Centers during the year ended December 31, 2004 were \$10,615,126.

Macerich Management Company employs Mr. A. Coppola's daughter and son-in-law and Mr. Anderson's son as a Senior Manager of Business Development, a Senior Manager of Property Management and an Assistant Vice President of Leasing, respectively. Although Mr. Moore's son-in-law was employed as a Senior Vice President of Business Development during 2004, his employment with the Company ended as of December 31, 2004. None of these individuals are considered officers under Section 16 of the Exchange Act. The compensation and benefits provided to these individuals are consistent with those provided to other employees with comparable qualifications, responsibilities and experience. The 2004 salary and bonus paid to each of Mr. Coppola's daughter and son-in-law and Mr. Anderson's son did not exceed \$155,000. Mr. Moore's son-in-law's 2004 salary, bonus and severance did not exceed \$275,000.

*Guarantees.* The Principals have guaranteed a mortgage loan encumbering one Center. The aggregate principal amount of the loan is approximately \$21,750,000, of which approximately \$13,676,400 is guaranteed by the Principals as follows: Mr. Siegel \$6,525,000; Mr. A. Coppola \$1,631,250; Mr. Anderson \$3,480,000 and Mr. E. Coppola \$2,040,150.

*Website Services.* During 1999, the Company chose Red 5 Interactive, Inc. (Red 5), after evaluating other potential service providers, to develop websites for many of the Company's Centers. During 2004 Red 5 was paid \$614,990 for the website design, development, applications, maintenance, hosting and support services it provided under certain agreements with the Company. Red 5 will continue to provide these services to an increasing number of the Company's websites as well as additional specialty services to the Company during 2005 at an estimated cost of \$700,000. The Company believes the terms of these agreements with Red 5 are fair and reasonable to the Company and are no less favorable than those available through unrelated third parties providing comparable services. The E.C. Coppola Family Limited Partnership (an entity controlled by Mr. E. Coppola) owned a 25.5% interest in Red 5 which was sold in June of 2004. Mr. Coppola's brother-in-law is the President and CEO, a director and, with his wife and children, owns 100% of Red 5.

*The following Report of the Compensation Committee and the Stock Performance Graph included in this Proxy Statement shall not be deemed filed under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent the Company specifically incorporates this Report or the Stock Performance Graph by reference into a filing under either of such Acts. Neither the Report nor the Stock Performance Graph shall be deemed to be soliciting material, or subject to Regulation 14A or 14C or the liabilities of Section 18 of the Securities Exchange Act.*

#### **REPORT OF THE COMPENSATION COMMITTEE**

*The Compensation Committee.* The Compensation Committee (the Committee) reviews and recommends to the Board of Directors compensation for the Company's executive officers, reviews the Company's overall compensation structure and philosophy and administers certain of the Company's employee benefit and stock plans, with authority to authorize awards under the Company's incentive plans. The current members of the Committee are Messrs. Moore and Cownie and Dr. Sexton.

*Objectives of the Company's Executive Compensation Program.* The Company's executive compensation program is intended to attract, retain and reward experienced, highly motivated executives who are capable of leading the Company effectively and continuing its growth. The Company's objective has been to utilize a combination of cash and equity-based compensation to provide appropriate incentives for executives to achieve the business objectives of the Company which include encouraging stock ownership. The Committee intends to target aggregate compensation levels at rates that are reflective of current practices of comparable companies in the real estate investment trust (REIT) industry, particularly companies that own retail malls.

*Elements of the Program.* The Company's executive compensation program includes three principal elements, each of which is intended to serve the overall compensation philosophy of the Company. *First*, the executive's base salary is intended to create a minimum level of compensation that is reasonably competitive with other retail mall REITs. *Second*, the Company generally uses restricted stock and may use other stock awards, including stock options, under its incentive plans as a long-term incentive. The Company believes that these types of awards are an important means to link the interests of management and stockholders and to encourage management to adopt a longer term perspective. *Finally*, the Company has established an annual incentive compensation plan for executive officers and other senior officers and key employees under which bonuses, which may be paid in cash and/or in the form of restricted stock, are awarded based upon the achievement of individual and corporate performance goals. The objective of this incentive compensation plan is to motivate and reward executives for performance that benefited the Company and to recognize the contribution of its key employees. In addition, the Restricted Stock Bonus Program established under the Company's stock incentive plans offers greater flexibility regarding cash bonuses and provides a convenient method for participants to elect to increase their stock ownership in the Company. Eligible participants are offered the opportunity to receive all or a portion of what would otherwise have been a cash bonus in restricted stock, valued as of the date of the award at 1.5 times the amount otherwise payable in cash to reflect the substantial risks associated with the deferral of payment and vesting restrictions of the award. See Note 3 on page 17 of this Proxy Statement.

Executive officers of the Company further participate in certain deferred compensation plans, and two executive officers also participate in a split dollar life insurance arrangement (subject to compliance with the Sarbanes-Oxley Act of 2002), to assist them in their tax and estate planning. In addition, the executive officers are eligible to receive other benefits such as medical and retirement benefits.

*Competitive Compensation Comparisons.* The Company has commissioned an outside compensation consultant, FPL Associates, L.P. (FPL), to assist the Committee in the development and review of the Company's compensation programs for its executive and senior officers and certain key employees. Among other things, FPL has reviewed the compensation programs of similar companies in the REIT industry, including retail mall owners, and compared them to the Company's compensation programs. Since the



Company's initial public offering, FPL has performed these reviews typically on a bi-annual basis focusing on the development of a competitive total compensation program. The last complete compensation study was conducted in 2003 with a more limited study conducted in 2004.

*CEO Compensation.* Mr. Arthur Coppola's base salary is reviewed by the Committee on an annual basis and is subject to discretionary increases that generally are based on, in the subjective judgment of the Committee, individual and corporate performance (including changes in total funds from operations, funds from operations per share, the Company's stock price and the successful completion of acquisitions, financings, redevelopments and other business initiatives) and competitive, economic and other factors deemed relevant by the Committee. The Committee believed that Mr. Coppola's 2003 base salary of \$650,000 should remain the same for 2004.

Mr. Coppola's annual long-term incentive compensation awards were based upon the Committee's evaluation of his individual and the Company's performance as described above. The Committee primarily based its performance assessment on a funds from operations per share matrix which has three levels of performance established in the preceding year: threshold, target and high performance. The Company's continued growth in funds from operations per share in 2004 met the high performance range of this matrix. In determining the amount of Mr. Coppola's grant, the Committee also subjectively appraised his leadership as CEO of the Company, including reviewing the operating goals Mr. Coppola had previously established for 2004. The Committee made a highly favorable assessment of Mr. Coppola's performance as CEO and believed that the Company's progress in 2004, including its strong financial performance, was in many ways a result of Mr. Coppola's leadership and direction. The Committee also focused on the Company's achievements for 2004 including the Company's 47.8% total stockholder return which was one of the highest returns of all mall REITs in 2004. In addition, the Committee noted the successful signing of the \$2.333 billion agreement to acquire Wilmorite Holdings, L.P. and its affiliates and the successful completion of redevelopment projects, especially the \$275 million Queens Center expansion. Based on this review, the Committee determined that Mr. Coppola met the high performance level of the Company's performance matrix with respect to both the Company's financial performance and his individual performance.

Mr. Coppola elected in advance to participate in the Restricted Stock Bonus Program for his 2004 bonus and in accordance with the terms of this Program received 36,599 shares of restricted stock in lieu of a \$1,950,000 cash bonus. As an additional long-term incentive, the Committee granted to Mr. Coppola 24,399 additional shares of restricted stock for his performance in 2004. These grants of restricted stock vest over a three-year period.

*Other Executive Officers.* The Committee believed that the salary structure in place for the Executive Vice Presidents, Messrs. E. Coppola, Contis, O'Hern, Bayer and Sidwell, and the other executive officers, Messrs. Siegel and Anderson, remained appropriate for 2004, except for Mr. E. Coppola. The Committee, based on FPL's recommendations after conducting a limited survey, increased Mr. E. Coppola's salary from \$350,000 to \$420,000 and changed his title to Senior Executive Vice President and Chief Investment Officer effective August 2, 2004 to reflect his additional responsibilities with respect to acquisitions, financings, and department store relationships. The five Executive Vice Presidents also received bonus awards under the Company's incentive compensation plan and equity-based incentive compensation in the form of restricted stock awards for their 2004 performance. The 2004 restricted stock awards and bonuses were granted to the Executive Vice Presidents based on the Committee's subjective evaluation of individual and corporate performance, including the factors described above regarding Mr. A. Coppola's compensation. In determining the amount of their restricted stock grants the Committee also reviewed the operating goals submitted by each Executive Vice President for their position. The Committee believed that the performance of the Executive Vice Presidents, individually and as a group, was exemplary and met the high performance level. Messrs. E. Coppola, Contis, O'Hern, Bayer and Sidwell each participated in the Restricted Stock Bonus Program and elected to convert all of what would otherwise have been a cash



bonus to restricted stock. All of the executives are entitled to receive minimum specified annual base salaries as set forth in their respective employment agreements with the Company, except Mr. Contis who does not have an employment agreement. The Committee contemplates that any annual salary increases will generally be based on substantially the same criteria that will be used for Mr. A. Coppola.

For details of the grants to the executive officers, see the table captioned "Summary Compensation Table" and the discussion at page 17 of this Proxy Statement. All of these restricted stock grants as well as the continuation of the Restricted Stock Bonus Program were made on a basis that is consistent with the Company's philosophy of granting long-term incentive awards to provide executives with a promise of longer-term rewards directly linked to increased share values. Mr. Moore did not participate in any decisions regarding the restricted stock awards.

*Section 162(m) Issues.* The Committee's policy with respect to Section 162(m) of the Internal Revenue Code has been to make reasonable efforts to provide that compensation, in the ordinary course, is deductible while preserving the ability to pay bonus and long-term compensation that may not be deductible if such compensation in its view is appropriate to incentivize and reward Company executives relative to their performance. As the Committee in recent years has increased the use of restricted stock (rather than options) as a form of annual and long-term compensation, an increasing proportion of the compensation paid to six of the Company's executive officers has exceeded the \$1,000,000 limitation imposed by Section 162(m) with respect to deductible, non-performance-based compensation per executive officer. The Company's restricted stock grants have not been performance-based for these purposes; consequently the regular and cumulative vesting, or any accelerated vesting, of one or more awards can result in non-deductible compensation. However, as long as the Company continues to qualify as a REIT under the Code, the payment of non-deductible compensation should not have material adverse consequences for the Company so long as the Company continues to distribute at least 90% of its taxable income.

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#### Members of the Compensation Committee

James S. Cownie

Stanley A. Moore

Dr. William P. Sexton

**STOCK PERFORMANCE GRAPH**

The following graph provides a comparison, from December 31, 1999 through December 31, 2004, of the yearly percentage change in the cumulative total stockholder return (assuming reinvestment of dividends) of the Company, the Standard & Poor's (S&P) 500 Index and the NAREIT All Equity REIT Index (the NAREIT Index), an industry index of 175 REITs (including the Company). The NAREIT Index includes REITs with 75% or more of their gross invested book value of assets invested directly or indirectly in the equity ownership of real estate.

The graph assumes that the value of the investment in each of the Company's Common Stock and the indices was \$100 at the beginning of the period. The graph further assumes the reinvestment of dividends.

Upon written request directed to the Secretary of the Company, the Company will provide any stockholder with a list of the REITs included in the NAREIT Index. The historical information set forth below is not necessarily indicative of future performance. Data for the NAREIT Index and the S&P 500 Index were provided to the Company by SNL Financial LC.

Index	Period Ending					
	12/31/99	12/31/00	12/31/01	12/31/02	12/31/03	12/31/04
The Macerich Company	100.00	101.58	154.22	192.24	296.78	440.40
S&P 500 Index	100.00	91.20	80.42	62.64	80.62	89.47
NAREIT Index	100.00	126.37	143.97	149.47	204.98	269.70

**PRINCIPAL STOCKHOLDERS**

Except as otherwise noted, the following table sets forth information as of March 31, 2005 with respect to the only persons known by the Company to own beneficially more than 5% of the outstanding shares of its Common Stock, based upon Schedule 13G and Schedule 13D reports filed with the Securities and Exchange Commission ( SEC ), and, as of March 31, 2005, the number of shares of the Company's Common Stock beneficially owned by its executive officers and directors as a group. Each of the persons listed below which has reported that it may be considered a beneficial owner of more than 5% of the Company's outstanding shares of Common Stock has certified that, to the best of its knowledge and belief, the shares were acquired in the ordinary course of business and were not acquired for the purpose of and do not have the effect of changing or influencing the control of the Company and were not acquired in connection with or as a participant in any transaction having such purpose or effect. The number of shares of the Company's Common Stock beneficially owned by each director is set forth in Information Regarding Nominees and Directors and the number of shares beneficially owned by each named executive officer is set forth in Executive Officers.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Cohen & Steers, Inc.(1) Cohen & Steers Capital Management, Inc. Houlihan Rovers SA 757 Third Avenue New York, New York 10017	6,057,787	10.20 %
Barclays Global Investors, NA(2) Barclays Global Fund Advisors Barclays Global Investors, LTD 45 Fremont Street San Francisco, CA 94105	4,189,024	7.05 %
Security Capital Research & Management Incorporated(3) 10 South Dearborn Street Suite 1400 Chicago, Illinois 60603	3,894,629	6.55 %
AMVESCAP PLC(4) AIM Advisors, Inc. INVESCO Institutional (N.A.), Inc. 11 Devonshire Square London EC2M3 44R England	3,089,877	5.20 %
All directors and executive officers as a group (13 persons)(5)	2,668,825	4.49 %

(1) These entities made a joint filing on Schedule 13G noting that Cohen & Steers, Inc. holds a 100% interest in Cohen & Steers Capital Management, Inc. and a 50% interest in Houlihan Rovers SA, each a registered investment advisor. The Schedule 13G indicates that Cohen & Steers Capital Management, Inc. has sole voting power with respect to 5,592,467 shares and sole dispositive power with respect to 6,036,967 shares and Houlihan Rovers SA has sole voting and dispositive power with respect to 20,820 shares. The principal address of Houlihan Rovers SA is Chausee de la Hulpe 116, 1170 Brussels, Belgium.

(2) The Schedule 13G indicates that Barclays Global Investors, NA. is a bank and has sole voting power with respect to 2,810,596 shares and sole dispositive power with respect to 3,164,148 shares. Barclays

Global Fund Advisors is a registered investment adviser and has sole voting power with respect to 917,197 shares and sole dispositive power with respect to 918,741 shares. Barclays Global Investors, LTD is a bank and has sole voting and dispositive power with respect to 106,135 shares. Its address is Murray House, 1 Royal Mint Court, London, England EC3N 4HH. The Schedule 13G also indicates that the shares are held in trust accounts for the economic benefit of the beneficiaries of those accounts.

(3) The Schedule 13G indicates that the reporting person is a registered investment adviser and has sole voting power with respect to 2,040,929 shares, shared voting with respect to 98,000 shares, sole dispositive power with respect 3,796,629 shares and shared dispositive power with respect to 98,000 shares.

(4) The Schedule 13G indicates that the reporting entity is filing on behalf of itself and its subsidiaries. AMVESCAP is a holding company and each of its subsidiaries is a registered investment adviser. AMVESCAP through such subsidiaries provides investment management services to institutional and individual investors worldwide. The reporting person and its subsidiaries have sole voting and dispositive power with respect to all of such shares.

(5) Includes options to purchase shares under the 1994 Incentive Plan, the 2000 Incentive Plan, the 2001 Incentive Plan, the 2003 Incentive Plan or the Director Plan which are currently exercisable or become exercisable before May 30, 2005, restricted stock granted under the 1994 Incentive Plan, the 2000 Incentive Plan or the 2003 Incentive Plan and stock units credited to certain directors under the Director Phantom Stock Plan. See also the Notes to the tables on page 4 and 13 of this Proxy Statement.

#### **AUDIT COMMITTEE MATTERS**

The Audit Committee consists of three members, Mr. Cownie, Ms. Laing and Dr. Sexton. Ms. Laing is the chairperson of the Committee and has been designated as an Audit Committee financial expert. In 2004, the Audit Committee met six times. The Audit Committee and the Board of Directors amended and restated its Charter for the Audit Committee in 2005 which complies with the requirements of the Sarbanes-Oxley Act of 2002 and the NYSE Rules. This Charter is included as Appendix II to this Proxy Statement. The Committee reviews and reassesses the adequacy of its Charter annually. The Company's securities are listed on the New York Stock Exchange and are governed by its listing standards. All members of the Audit Committee are Independent Directors and meet the independence requirements for audit committees under the NYSE Rules and the Exchange Act. (See The Board of Directors and its Committees Director Independence, Committee Charters and Audit Committee. )

**REPORT OF THE AUDIT COMMITTEE**

*The following Report of the Audit Committee shall not be deemed filed under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent the Company specifically incorporates this Report by reference into a filing under either of such Acts. The Report shall not be deemed soliciting material, or subject to Regulation 14A or 14C or the liabilities of Section 18 of the Securities Exchange Act.*

The Audit Committee of the Board of Directors assists the Board in performing its oversight responsibilities for the Company's financial reporting process, audit process and internal controls as more fully described in the Audit Committee's Charter. Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal controls. The independent accountants are responsible for auditing the Company's financial statements and expressing an opinion as to their conformity to accounting principles generally accepted in the United States.

In the performance of its oversight function, the Audit Committee reviewed and discussed the Company's audited financial statements for the year ended December 31, 2004 with the Company's management and with the Company's independent accountants. In addition, the Committee discussed with the Company's independent accountants the matters required to be discussed by Statement of Auditing Standards No. 61 (Codification of Statements on Auditing Standards) which includes, among other items, matters related to the conduct of the audit of the Company's financial statements. The Committee has also received and reviewed the written disclosures and the letter from the Company's independent accountants required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and discussed with the accountants their independence from the Company.

Based on the review and discussions with management and the independent accountants described above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2004 for filing with the SEC.

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*Members of the Audit Committee*

James S. Cownie  
Diana M. Laing  
Dr. William P. Sexton

**Change in Principal Accountants**

On August 10, 2004, the Audit Committee of the Board of Directors of the Company dismissed PricewaterhouseCoopers LLP as its independent registered public accounting firm and approved Deloitte & Touche LLP as its independent accountants for the fiscal year ending December 31, 2004.

The reports of PricewaterhouseCoopers LLP on the Company's consolidated financial statements for each of the fiscal years 2003 and 2002 did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope, or accounting principle.

During the fiscal years 2003 and 2002 and the subsequent interim period through August 10, 2004, there were no disagreements with PricewaterhouseCoopers LLP on any matters of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to the satisfaction of PricewaterhouseCoopers LLP, would have caused PricewaterhouseCoopers LLP to make reference to the matter in their reports on the financial statements for such years.

During the fiscal years 2003 and 2002 and the subsequent interim period through August 10, 2004, there were no reportable events (as the term is defined in Item 304(a)(1)(v) of Regulation S-K of the Exchange Act ( Regulation S-K )).

During the fiscal years 2003 and 2002 and the subsequent interim period through August 10, 2004, the Company did not consult with Deloitte & Touche LLP regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed; (ii) the type of audit opinion that might be rendered on the Company's financial statements; or (iii) any matter that was either the subject of disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K) or a reportable event (as defined in Item 304(a)(1)(v) of Regulation S-K).

PricewaterhouseCoopers LLP furnished a letter addressed to the SEC stating it agreed with the above statements and a copy of such letter dated August 16, 2004 was filed with the Company's Current Event on Form 8-K event date August 10, 2004.

### **Principal Accountants Fees and Services**

#### **a. Deloitte & Touche LLP**

For the year ended December 31, 2004, the Company was billed by Deloitte & Touche LLP for services in the following categories:

##### *Audit Fees*

Fees for audit services totaled \$420,000 in 2004, including fees associated with the annual audit of the Company and its subsidiaries or affiliates and the reviews of the Company's registration statements and periodic reports.

##### *Audit-Related Fees*

Fees for audit-related services totaled \$668,896 in 2004. Audit-related services principally include fees for internal control reviews and assistance with internal control reporting requirements, including under the Sarbanes-Oxley Act of 2002.

##### *Tax Fees*

No fees for tax services, including tax return preparation, tax compliance, tax advice and tax planning, were provided by Deloitte & Touche LLP.

##### *All Other Fees*

There were no fees paid for all other services not described above in 2004.

The Company has been advised by Deloitte & Touche LLP that neither the firm, nor any member of the firm, has any financial interest, direct or indirect, in any capacity in the Company or its subsidiaries.

**b. PricewaterhouseCoopers LLP**

For the years ended December 31, 2004 and 2003, the Company was billed by PricewaterhouseCoopers LLP for services in the following categories:

*Audit Fees*

Fees for audit services totaled \$88,054 in 2004 and \$850,533 in 2003, including fees associated with the 2003 annual audit of the Company and its subsidiaries or affiliates and the reviews of the Company's registration statements and periodic reports.

*Audit-Related Fees*

Fees for audit-related services totaled \$0 in 2004 and \$306,917 in 2003. Audit-related services in 2003 principally included the incremental fees associated with stand-alone reports on consolidated subsidiaries and unconsolidated joint ventures.

*Tax Fees*

Fees for tax services, including tax return preparation, tax compliance, tax advice (including regarding the acquisition of various centers and entities), tax planning, cost segregation studies (primarily in 2003) and earnings and profits projections, totaled \$2,583,050 in 2004 and \$2,695,603 in 2003. Of this total amount of tax services fees, \$1,541,833 in 2004 and \$1,749,716 in 2003 represented tax return preparation and compliance fees.

*All Other Fees*

There were no fees paid for all other services not described above in 2004 and 2003.

The Audit Committee determined that the provision of the non-audit services noted above was compatible with maintaining the independence of PricewaterhouseCoopers LLP during the relevant periods. The Company had been advised by PricewaterhouseCoopers LLP that during the relevant periods neither the firm, nor any member of the firm, has any financial interest, direct or indirect, in any capacity in the Company or its subsidiaries.

**Audit Committee Pre-Approval Policy**

Consistent with SEC policies regarding independence, the Audit Committee has responsibility for appointing, setting compensation and overseeing the work of the independent accountants. In recognition of this responsibility, the Audit Committee has established a policy to pre-approve all audit and permissible non-audit services provided by the independent accountants. The Audit Committee approves a list of services and related fees expected to be rendered during any year period within each of four categories of service:

- (1) *Audit Services* include audit work performed on the financial statements, as well as work that generally only the independent accountants can reasonably be expected to provide, including work associated with registration statements under the Securities Act of 1933, as amended, periodic reports and other SEC documents, statutory or other financial audit work for subsidiaries and consultations surrounding the proper application of financial accounting and/or reporting standards.
- (2) *Audit-Related Services* include assurance and related services that are reasonably related to performance of an audit or traditionally performed by the independent accountants, including due diligence or agreed-upon procedures related to mergers, acquisitions, dispositions or refinancings, internal control reviews and assistance with internal control reporting requirements, special procedures required to meet certain financial, accounting or regulatory requirements and accounting, regulatory or disclosure consultations.





(3) *Tax Services* include tax return preparation, tax planning and related tax services, tax advice, tax compliance, tax reporting, year-end estimated taxable income and distribution projections and tax due diligence for REIT compliance and other tax issues.

(4) *Other Services* include those permissible non-audit services that do not fall within the above categories and are routine and recurring services that would not impair the independence of the accountants.

The Audit Committee pre-approves the independent accountants services within each category. In 2004, the Audit Committee pre-approved the retention of PricewaterhouseCoopers LLP through August 10, 2004 and thereafter, Deloitte & Touche LLP, to perform various audit and permitted non-audit services for the Company within each of the four categories. For each proposed service, the independent accountant is required to provide detailed back-up documentation at the time of approval to permit the Audit Committee to make a determination whether the provision of such services would impair the independent accountants' independence. The fees are budgeted and the Audit Committee requires the independent accountants and management to report actual fees versus the budget periodically throughout the year by category of service. During the year, circumstances may arise when it may become necessary to engage the independent accountants for additional services not contemplated in the original pre-approval categories. In those instances, the Audit Committee requires specific pre-approval before engaging the independent accountants. The Audit Committee may delegate pre-approval authority to one or more of its members. The member to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next scheduled meeting. None of the non-audit services described above were approved by the Audit Committee pursuant to the de minimis exceptions provided in the Exchange Act.

**PROPOSAL 2: RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS THE COMPANY'S INDEPENDENT ACCOUNTANTS**

**Independent Accountants**

The Audit Committee has appointed Deloitte & Touche LLP as the Company's independent accountants to audit its financial statements for the year ending December 31, 2005.

Although ratification by stockholders is not required by law, the Board has determined that it is desirable to request approval of this appointment by the stockholders. If the stockholders do not ratify the appointment, the Audit Committee will reconsider whether or not to retain Deloitte & Touche LLP, and may decide to retain them notwithstanding the vote. Even if the appointment is ratified, the Audit Committee in its discretion may change the appointment at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders. In addition, if Deloitte & Touche LLP should decline to act or otherwise become incapable of acting, or if the employment should be discontinued, the Audit Committee will appoint substitute independent public accountants. A representative of Deloitte & Touche LLP will be present at the Annual Meeting, will be given the opportunity to make a statement if he or she so desires and will be available to respond to appropriate questions.

Ratification of the appointment of Deloitte & Touche LLP as the Company's independent accountants requires the affirmative vote of a majority of all the votes cast on the matter at the Annual Meeting.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE PROPOSAL TO RATIFY THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS THE COMPANY'S INDEPENDENT ACCOUNTANTS FOR THE YEAR ENDING DECEMBER 31, 2005. PROXIES RECEIVED WILL BE VOTED FOR RATIFICATION UNLESS STOCKHOLDERS SPECIFY OTHERWISE IN THE PROXY.**

## **OTHER MATTERS**

### **Solicitation of Proxies**

The cost of solicitation of Proxies in the form enclosed herewith will be paid by the Company. Solicitation will be made primarily by mail, but regular employees of the Company, without additional remuneration, may solicit Proxies by telephone, e-mail, facsimile and personal interviews. In addition, MacKenzie Partners will assist in solicitation of proxies and the Company anticipates a fee for proxy solicitation services of approximately \$7,500. The Company will also request persons, firms and corporations holding shares in their names or in the names of their nominees, which are beneficially owned by others, to send proxy materials to and obtain Proxies from such beneficial owners. The Company will reimburse such holders for their reasonable expenses.

### **Stockholder Proposals and Director Nominees**

For a matter to be properly presented at the Annual Meeting by a stockholder, the Secretary of the Company must have received written notice thereof after February 27, 2005 and on or before March 29, 2005, as specified in the Company's Charter and Bylaws.

A stockholder proposal submitted pursuant to Rule 14a-8 under the Exchange Act for inclusion in the Company's proxy statement and form of Proxy for the 2006 annual meeting of stockholders must be received by the Company by December 22, 2005. Such a proposal must also comply with the requirements as to form and substance established by the Securities Exchange Commission for such proposals. A stockholder otherwise desiring to bring a proposal before the 2006 annual meeting of stockholders (including generally any proposal relating to the nomination of a director to be elected to the Board of Directors) must comply with the then current advance notice and information requirements in the Company's Charter and Bylaws and deliver the proposal to the principal executive offices of the Company after February 18, 2006 and on or before March 20, 2006 (60 to 90 days prior to the first anniversary of this year's annual meeting). Any such proposal should be mailed to: The Macerich Company, 401 Wilshire Boulevard, No. 700, Santa Monica, California 90401, Attn: Secretary. Copies of the charter and Bylaws may be obtained by providing a written request to the Secretary of the Company at that address.

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

Section 16(a) of the Exchange Act requires the Company's executive officers and directors, and persons who own more than 10% of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the SEC and the New York Stock Exchange. Officers, directors and greater than 10% stockholders are required by the SEC's regulations to furnish the Company with copies of all Section 16(a) forms they file. To the Company's knowledge, based solely on its review of the copies of such reports furnished to the Company, all Section 16(a) filing requirements applicable to its executive officers, directors and greater than 10% beneficial owners were satisfied, except that Mr. Siegel did not timely report his open-market purchase of 9,900 shares and his daughter's open-market purchase of 5,000 shares by one day.

### **Other Matters**

The Board of Directors does not know of any matter other than those described in this Proxy Statement which will be presented for action at the Annual Meeting. If other matters are presented, Proxies will be voted in accordance with the discretion of the Proxy holders.

**REGARDLESS OF THE NUMBER OF SHARES YOU OWN, YOUR VOTE IS IMPORTANT TO THE COMPANY. PLEASE COMPLETE, SIGN, DATE AND PROMPTLY RETURN THE ENCLOSED PROXY TODAY.**

**Appendix I**

**THE MACERICH COMPANY**

**Director Independence Standards**

**(Originally Adopted March 15, 2004. Amended February 3, 2005)**

A majority of the members of the Board of Directors of The Macerich Company, ( Macerich ) shall be independent of Macerich and its executive officers. For a Director to be deemed independent, the Board shall affirmatively determine that the Board member has no material relationship with Macerich (either directly or as a partner, shareholder or officer of an organization that has a relationship with Macerich) or any of its executive officers. In making this determination the Board shall apply the standards set forth below. These standards have been drafted to incorporate the independence requirements under applicable laws, rules and regulations.

**I. Exclusionary Standards**

In no event will a Director be considered independent under the circumstances described under this Section I.

**A. Employment**

- A Director shall not be deemed independent if he or she:

(i) is or has been an employee, or has an immediate family member who is or has been an executive officer, of Macerich within the preceding three years of the determination date;

(ii) has received, or has an immediate family member who has received, during any twelve-month period within the preceding three years of the determination date, more than \$100,000 in direct compensation from Macerich, other than Director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service). (For purposes of this standard, (a) compensation for prior service as an *interim* chairman or chief executive officer of Macerich, (b) dividends, interest or other investment income, (c) reimbursement of bona fide, documented business expenses, and (d) compensation received by an immediate family member for service as a non-executive officer of Macerich will not be considered. For purposes of this standard, payments made to a business that is solely owned by a Director and/or his or her immediate family members(s) should be included as direct compensation.);

(iii) (a) is or an immediate family member is a current partner of a firm that is Macerich's internal or external auditor; (b) is a current employee of such a firm; (c) has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (d) was or an immediate family member was within the preceding three years of the determination date (but is no longer) a partner or employee of such a firm and personally worked on Macerich's audit within that time; or

(iv) is or has been employed as, or has an immediate family member who is or has been employed as, an executive officer of another company where any of Macerich's present executive officers at the same time serves or has served on that company's compensation committee within the preceding three years of the determination date.

**B. Business Relationships**

A Director who is a current employee, or whose immediate family member is a current executive officer, of a company that has made payments to, or received payments from, Macerich for property or services in an amount which, in any of the preceding three fiscal years of such company exceeds the greater of \$1 million



or 2% of such other company's consolidated gross revenues will not be deemed independent. (For purposes of this standard, principal loaned or repaid on any outstanding indebtedness is excluded but the amount of any interest payments or other fees paid by Macerich in association with any such loans is included.)

## II. *Categorical Standards*

If a Director has any one or more of the following kinds of relationships with Macerich (either directly or as a partner, shareholder or officer of an organization that has a relationship with Macerich) or any of its executive officers, such Director shall meet Macerich's Director Independence Standards so long as each such relationship falls within the following applicable categorical standards:

A. *Relationship:* Employment by Macerich of the Director or family members of the Director.

*Categorical Standard:* During the preceding three years of the determination date, Macerich has neither employed the Director in any capacity nor any of his or her immediate family members as an executive officer.

B. *Relationship:* Direct compensation paid by Macerich to the Director or family members of the Director.

*Categorical Standard:* During the preceding three years of the determination date, neither the Director, nor any of his or her immediate family members, has received during any twelve-month period more than \$100,000 in direct compensation from Macerich, other than Director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service). (For purposes of this standard, (a) compensation for prior service as an *interim* chairman or chief executive officer of Macerich, (b) dividends, interest or other investment income, (c) reimbursement of bona fide, documented business expenses, and (d) compensation received by an immediate family member for service as a non-executive officer of Macerich will not be considered. For purposes of this standard, payments made to a business that is solely owned by a Director and/or his or her immediate family members(s) should be included as direct compensation.)

C. *Relationship:* Affiliation or employment by the Director or family members of the Director with internal or external auditors of Macerich.

*Categorical Standard:* Neither the Director nor an immediate family member is a current partner of a firm that is Macerich's internal or external auditor. The Director is not a current employee of such a firm. The Director has no immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice. Neither the Director nor an immediate family member was within the preceding three years of the determination date (but is no longer) a partner or employee of such a firm and personally worked on Macerich's audit within that time.

D. *Relationship:* Employment of the Director or family members of the Director with another company where any member of Macerich management serves on the governing board of such other company.

*Categorical Standard:* During the preceding three years of the determination date, neither the Director nor any immediate family member of the Director has been employed as an executive officer of another company where any of Macerich's present executive officers at the same time serves or has served on such other company's compensation committee.

E. *Relationship:* Employment of the Director or family members of the Director with another company that does business with Macerich.



*Categorical Standard:* The Director is not a current employee, nor is any immediate family member of the Director a current executive officer, of a company that has made payments to, or received payments from, Macerich for property or services in an amount which, in any of the preceding three fiscal years of such company, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues. (For purposes of this standard, principal loaned or repaid on any outstanding indebtedness is excluded but the amount of any interest payments or other fees paid by Macerich in association with any such loans is included.)

F. *Relationship:* Affiliation of the Director or family members of the Director with a charitable organization that Macerich or an executive officer of Macerich contributes to.

*Categorical Standard:* During the preceding three fiscal years of the determination date, the Director has not been an executive officer of any charitable organization that receives from Macerich and/or an executive officer of Macerich contributions in an amount which, in any single fiscal year of such organization, exceed the greater of \$250,000 or 2% of such charitable organization's consolidated gross revenues.

G. *Relationship:* Direct or indirect ownership of Macerich stock by the Director or family members of the Director.

*Categorical Standard:* Direct or indirect ownership of Macerich stock by a Director and/or family members of the Director does not make a Director who is otherwise independent a non-independent Director.

H. *Relationship:* Employment of the Director or family members of the Director by another company that loans money to Macerich.

*Categorical Standard:* The Director is not an executive officer of another company that loans money to Macerich where the total amount of Macerich's indebtedness to such other company is more than 1% of the total consolidated assets of such other company.

I. *Relationship:* Employment of the Director or family members of the Director with another company where any member of Macerich management or his or her family members own equity securities of such other company.

*Categorical Standard:* Neither the Director nor any immediate family members of the Director is a general or managing partner or executive officer of another company in which any Macerich executive officer owns more than 10% of the outstanding equity securities.

J. *Relationship:* Ownership by the Director and/or family members of the Director of equity securities of another company in which a member of Macerich management or his or her family members own equity securities or is an employee.

*Categorical Standard A:* The Director does not own more than 10% of the outstanding equity securities of a company where any Macerich executive officer or any of his immediate family members is a general or managing partner, controlling equity holder or executive officer.

*Categorical Standard B:* The Director is not a controlling equity holder of a company where any Macerich executive officer owns more than 10% of the outstanding equity securities.

K. *Relationship:* The Director has a familial or other similar relationship with a member of Macerich management.





*Categorical Standard:* The Director does not have any relationship with any executive officer of Macerich that consists of a family relationship.

L. *Relationship:* Employment of the Director or family members of the Director by another company that co-invests or forms a joint venture with Macerich.

*Categorical Standard:* The Director is not an executive officer or employee, nor is any immediate family member of the Director an executive officer, of a company that has a co-investment or is a joint venture partner with Macerich where the amount of such company's equity investment in any single fiscal year of such company exceeds (i) the greater of \$1 million or 2% of such company's consolidated gross revenues or (ii) 1% of the total consolidated assets of such company.

### III. *Other Transactions*

Relationships not specifically covered by the above categorical standards may, in the Board's judgment, be deemed not to be material and the Director will be deemed independent, if, after taking into account all relevant facts and circumstances, the Board determines that the existence of such relationship or transaction would not impair the Director's exercise of independent judgment. The Nominating and Corporate Governance Committee will review the independence of each non-management Director and make its recommendation to the full Board for their consideration.

In making a determination regarding a Director's independence, the Board shall 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 shall undertake an annual review of the independence of all non-management Directors. In advance of the meeting at which this review occurs, each non-management Director shall be asked to provide the Board with full information regarding the Director's business and other relationships with Macerich and with its executive officers to enable the Board to evaluate the Director's independence. Directors also have an affirmative obligation to inform the Board of any material changes in circumstances or relationships that may impact their designation by the Board as independent.

### IV. *Definitions*

For purposes of these independence standards (i) immediate family members of a Director includes any of the Director's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone (other than domestic employees) who share the Director's home, (ii) determination date means the date the Board makes its determination about the independence of the members of the Board, and (iii) company means any corporation, company, group, partnership, limited liability company, or other entity. A person who ceases to be an immediate family member as a result of legal separation or divorce, or those who have died or become incapacitated, need not be considered in assessing the independence of a Director.

For purposes of the Categorical Standards, the holdings of immediate family members of the Director and the executive officer will be included in determining whether the Director and/or executive officers owns more than 10% of the outstanding equity securities of a company or is a controlling equity holder.

Appendix II

**CHARTER OF THE AUDIT COMMITTEE  
of the  
BOARD OF DIRECTORS  
of  
THE MACERICH COMPANY**

(As Amended and Restated February 3, 2005)

**1. Purpose.** The purpose of the Committee is to assist the Board of Directors (the Board) of The Macerich Company (the Company) in overseeing the accounting and financial reporting processes of the Company and audits of the financial statements of the Company, including (a) the integrity of the Company's financial statements, (b) the Company's compliance with legal and regulatory requirements, (c) the independent public accountants' qualifications and independence, and (d) the performance of the Company's internal audit function and independent public accountants.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles (GAAP) and applicable rules and regulations. These are the responsibilities of management and the independent public accountants.

**2. Membership.** The Committee will be comprised of three or more directors of the Company's Board. All members of the Committee will be directors who meet the knowledge requirements and the independence requirements of the New York Stock Exchange, Section 10A(m)(3) of the Securities Exchange Act of 1934 (the Act) and the rules and regulations of the Commission no later than the date on which such requirements become effective. In addition, the members of the Audit Committee shall meet the Director Independence Standards established by the Board. The members of the Committee will be appointed by and serve at the discretion of the Board on the recommendation of the Nominating and Corporate Governance Committee. The Chairperson of the Committee will be appointed by the Committee members. At least one member of the Committee will qualify as a financial expert as defined in Item 401(h) of Regulation S-K of the Securities and Exchange Commission within the applicable time periods, and the Company will disclose in the periodic reports required by Section 13(a) of the Act whether or not it has at least one member who is a financial expert. Audit Committee members shall not simultaneously serve on the audit committees of more than two other public companies.

**3. Specific Responsibilities and Duties.** The Board delegates to the Committee the express authority to do the following:

**3.1 Independent Public Accountants**

(a) **Selection; Fees.** Be directly responsible for the appointment (subject, if applicable, to stockholder ratification), compensation, retention and oversight of the work of the independent public accountants (including resolution of disagreements between management and the independent public accountants regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services. Such independent public accountants shall report directly to and be ultimately accountable to the Committee.

(b) **Audit Engagement.** Review, evaluate and approve the annual engagement proposal of the independent public accountants. Approve all audit engagement fees and terms.



- (c) **Pre-Approval of Audit and Non-Audit Services.** Pre-approve all auditing services and all permitted non-auditing services to be performed by the independent public accountants, as more fully described in the Committee's Pre-Approval Policy.
- (d) **Lead Audit Partner Review, Evaluation and Rotation.** Review and evaluate the lead partner of the independent public accountants. Ensure that the lead audit partner having primary responsibility for the audit and the concurring audit partner of the independent public accountants are rotated as required by law. Consider whether, in order to assure continuing accountant independence, it is appropriate to adopt a policy of rotating the independent public accounting firm itself.
- (e) **Report from Independent Public Accountants.** Obtain and review from the independent public accountants at least annually a written report regarding:
- (i) the independent public accountants' internal quality-control procedures;
  - (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the independent public accountants, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent public accountants, and any steps taken to deal with any such issues; and
  - (iii) all relationships between the independent public accountants and the Company (to assess the accountants' independence).

Evaluate the qualifications, performance and independence of the independent public accountants, including considering the report from the independent public accountants described above and whether the provision of permitted non-audit services is compatible with maintaining the accountants' independence. In making its evaluation, the Committee shall take into account the opinions of management and the Company's internal auditors. The Audit Committee shall present its conclusions with respect to the independent public accountants to the Board.

- (f) **Hiring Policies.** Set clear hiring policies for employees and former employees of the independent public accountants.
- (g) **Review Problems.** Review with the independent public accountants any audit problems or difficulties the independent public accountants may have encountered and management's responses, including: (i) any restrictions on the scope of activities or access to requested information; (ii) any recommendations made by the independent public accountants as a result of the audit; and (iii) any significant disagreements with management.
- (h) **Material Communications.** Discuss with the independent public accountants any material communications between the audit team and the independent public accountants' national office regarding auditing or accounting issues that the engagement presented.
- (i) **Accounting Adjustments.** Discuss with the independent public accountants any accounting adjustments that were noted or proposed by the independent public accountants but were passed on.

### 3.2 Financial Reporting

- (a) **Annual Financials.** Review and discuss with management and the independent public accountants the Company's annual audited financial statements, (including the Company's disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations), any unusual or non-recurring items, the nature and substance of

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significant reserves, the adequacy of internal controls and other matters that the Committee deems material prior to the public release of such information. Obtain from the independent public accountants assurance that the audit was conducted in a manner consistent with Section 10A of the Act. Recommend to the Board whether the annual audited financial statements should be included in the Company's Annual Report on Form 10-K.

(b) **Quarterly Financials.** Review and discuss with management and the independent public accountants the Company's quarterly financial statements (including the Company disclosure under Management's Discussion and Analysis of Financial Condition and Results of Operations) and the results of the independent public accountants reviews of the quarterly financial statements, prior to the public release of such information.

(c) **Accounting Principles.** Review with management and the independent public accountants material accounting principles applied in financial reporting, including any material changes from principles followed in prior years and any matters required to be communicated by the independent public accountants in accordance with AICPA Statement of Auditing Standards (SAS) 61.

(d) **Judgments.** Review and discuss with management and the independent public accountants significant accounting and financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including an analysis of the effect of alternative GAAP methods and off-balance-sheet structures on the Company's financial statements and a description of any transaction as to which management obtained a SAS 50 letter.

(e) **Press Releases.** Discuss with management earnings press releases, including the use of pro forma or adjusted non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion can be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).

(f) **Regulatory Developments.** Review with management and the independent public accountants the effect of regulatory and accounting initiatives on the Company's financial statements.

(g) **Certification Policy.** Review disclosures made to the Audit Committee by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies or material weaknesses in the design or operation of internal controls and any fraud involving management or other employees who have a significant role in the Company's internal controls.

### 3.3 Internal Audit and Risk Management.

(a) **Internal Audit.** Review the responsibilities, budget, qualifications, activities, effectiveness and organizational structure of the internal audit function and the performance, appointment and replacement of the lead internal auditor, and review summaries of material internal audit reports and management's responses.

(b) **Risk Assessment and Risk Management.** Discuss policies with respect to risk assessment and risk management periodically with management, internal auditors, and independent public accountants, and the Company's plans to monitor, control and minimize such risks and exposures.

### 3.4 Financial Reporting Processes.

- (a) **Internal Controls.** Discuss with the independent public accountants, the Company's internal auditors, and financial and accounting personnel, any major issues as to the adequacy of the Company's internal controls, any special steps adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal control over financial reporting. Review and discuss with management (including the Company's senior internal auditor) and the independent public accountants the Company's internal controls report and the independent public accountants' attestation of the report prior to the filing of the Company's Form 10-K.
- (b) **Reports.** Obtain and review timely reports from the independent public accountants regarding:
- (i) all critical accounting policies and practices to be used by the Company;
  - (ii) all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent public accountants; and
  - (iii) all other material written communications between the independent public accountants and management, including any management letter or schedule of unadjusted differences.

### 3.5 Legal and Regulatory Compliance

- (a) **SEC Report.** Prepare the annual Audit Committee report included in the Company's proxy statement as required by the SEC.
- (b) **Related Party Transactions.** Review and approve related-party transactions which are required to be disclosed under Section 404 of Regulation S-K of the Act.
- (c) **Complaints.** Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- (d) **General Counsel.** Review with the general counsel legal matters that may have a material effect on the Company's financial statements or compliance policies and any material reports or inquiries received from regulatory governmental agencies. In addition, review with the general counsel the Company's policies and procedures requiring compliance with applicable laws and regulations and with the Company's Code of Business Conduct and Ethics.

### 3.6 Other

- (a) **Recommendations; Reports.** Regularly report to the Board on the Committee's activities and make appropriate recommendations
- (b) **Evaluation.** Annually evaluate the performance of the Committee.
- (c) **Review and Publication of Charter.** Review and reassess the adequacy of this Charter at least annually and recommend any proposed changes to the Board, as appropriate, and publish the Charter as required by applicable law.

## 4. Meetings, Minutes, and Reports.

**4.1 Executive Sessions.** The Committee shall meet with the independent public accountants, internal auditors and management in separate executive sessions regularly (with such frequency

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as it determines) to discuss any matters that the Committee or these groups believe should be discussed privately.

**4.2 Other Meetings.** Meetings will be with such frequency, and at such times, as its Chairperson, or a majority of the Committee, determines, but the Committee shall meet at least quarterly. A special meeting of the Committee may be called by the Chairperson and will be called promptly upon the request of any two Committee members. The agenda of each meeting will be reviewed by the Chairperson and circulated to each member prior to the meeting date. Unless the Committee or the Board adopts other procedures, the provisions of the Company's By-laws applicable to meetings of Board committees will govern meetings of the Committee.

**4.3 Minutes.** Minutes of each meeting will be kept.

**5. Subcommittees.** The Committee has the power to appoint and delegate matters to subcommittees, but no subcommittee will have any final decision-making authority on behalf of the Board or the Committee.

**6. Reliance; Experts; Cooperation.**

**6.1 Retention of Independent Counsel and Advisors.** The Committee has the power, in its sole discretion, to retain at the Company's expense such independent counsel, advisors and experts as it deems necessary or appropriate to carry out its duties.

**6.2 Reliance Permitted.** The Committee will act in reliance on management, the Company's independent public accountants, internal auditors, and advisors and experts, as it deems necessary or appropriate to enable it to carry out its duties.

**6.3 Investigations.** The Committee has the power, in its discretion, to conduct any investigation it deems necessary or appropriate to enable it to carry out its duties.

**6.4 Required Participation of Employees.** The Committee shall have unrestricted access to the Company's employees, independent public accountants, internal auditors, internal and outside counsel, and may require any employee of the Company or representative of the Company's outside counsel or independent public accountants to attend a meeting of the Committee or to meet with any members of the Committee or representative of the Committee's counsel, advisors or experts.

**6.5 Funding.** The Company will provide appropriate funding, as determined by the Committee for payment of: (i) compensation to any independent public accountants engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company; (ii) compensation to any advisors employed by the Committee; and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

**7. Rules and Procedures.** Except as expressly set forth in this Charter or the Company's By-Laws or Corporate Governance Guidelines, or as otherwise provided by law or the rules of the New York Stock Exchange, the Committee shall fix its own rules and procedures.

**THE MACERICH COMPANY**

**C/O EQUISERVE TRUST COMPANY N.A.  
P.O. BOX 8253  
EDISON, NJ 08818-8253**

DETACH HERE IF YOU ARE RETURNING YOUR PROXY CARD BY MAIL

ý Please mark your  
votes as in this  
example.

0682

**The Board of Directors recommends a vote FOR the election of each of the nominees for director and FOR Proposal 2.**

**THE MACERICH COMPANY**

<p>1. Election of all nominees for director for the terms described in the accompanying Proxy Statement. (on the right)</p>	<p><b>FOR ALL</b>  <b>○</b></p>	<p><b>WITHHELD AS TO ALL</b>  <b>○</b></p>	<p>Nominees: Dana K. Anderson, Diana M. Laing and Stanley A. Moore</p>
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<p>2. Ratification of the appointment of Deloitte &amp; Touche LLP as the Company's independent accountants for the year ending December 31, 2005.</p>	<p><b>FOR</b>  <b>○</b></p>	<p><b>AGAINST</b>  <b>○</b></p>	<p><b>ABSTAIN</b>  <b>○</b></p>
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3. To vote and otherwise represent the undersigned on any other matter that may properly come before the Annual Meeting or any adjournment or postponement thereof in the discretion of the proxy holder.

**FOR EXCEPT**

**AS NOTED ○**

Vote withheld from the following nominee(s)

Comments/Address Change ○

The signer hereby revokes all Proxies heretofore given by the signer with respect to said meeting or any adjournment or postponement thereof.

NOTE: Please sign exactly as name appears on this Proxy. Joint owners should each sign. When signing as attorney, executor, administrator, trustee, guardian or in another representative capacity, please give full title as such. Corporations and partnerships shall sign in full corporate or partnership name by an authorized person.

Signature:

Date:

Signature:

Date :

*You are cordially invited to attend the*

*Annual Meeting of Stockholders of*

*THE MACERICH COMPANY*

*to be held*

*Thursday, May 19, 2005 at 10:00 a.m. Local Time*

*at*

*THE FAIRMONT MIRAMAR HOTEL*

*101 WILSHIRE BOULEVARD*

*SANTA MONICA, CALIFORNIA*

DETACH HERE

**THE MACERICH COMPANY**

**Proxy Solicited on Behalf of the Board of Directors of  
the Company for the Annual Meeting to be held on May 19, 2005**

The undersigned stockholder of The Macerich Company, a Maryland corporation (the Company), hereby appoints Thomas E. O'Hern and Richard A. Bayer, and each of them, as proxies for the undersigned, each with full power of substitution, to attend the Annual Meeting of Stockholders of the Company to be held at The Fairmont Miramar Hotel, 101 Wilshire Boulevard, Santa Monica, California on May 19, 2005 at 10:00 a.m. local time, and at any adjournment or postponement thereof, to cast on behalf of the undersigned all votes that the undersigned is entitled to cast at such meeting and otherwise to represent the undersigned at the meeting with all powers possessed by the undersigned if personally present at the meeting. The undersigned hereby acknowledges receipt of the Notice of the Annual Meeting of Stockholders and the accompanying Proxy Statement and revokes any Proxy heretofore given with respect to such meeting.

**The votes entitled to be cast by the undersigned will be cast as instructed on the reverse side hereof. If this Proxy is executed but no instruction is given, the votes entitled to be cast by the undersigned will be cast for each of the nominees for director and for Proposal 2 as described in the Proxy Statement. The votes entitled to be cast by the undersigned will be cast in the discretion of the Proxy holder on any other matter that may properly come before the Annual Meeting or any adjournment or postponement thereof.**

HAS YOUR ADDRESS CHANGED?

DO YOU HAVE ANY COMMENTS?

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(If you have written in the above space, please mark the corresponding box on the reverse side of this Proxy)

**SEE REVERSE  
SIDE**

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