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TAUBMAN CENTERS INC
Form S-3DPOS
November 29, 2001

As filed with the Securities and Exchange Commission on November 29, 2001

Registrant

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 1
TO
FORM S-3
REGISTRATION STATEMENT
under
THE SECURITIES ACT OF 1933

TAUBMAN CENTERS, INC.

(Exact name of registrant as specified in its Article)

Michigan
(State or Other Jurisdiction of
Incorporation or Organization)

38
(I.R.S. Employee)

200 East Long Lake Road
Bloomfield Hills, Michigan 48303
(248) 258-6800

(Address, including zip code, and telephone number, including area code, of registrant's principal offices)

Lisa A. Payne
Taubman Centers, Inc.
200 East Long Lake Road
Suite 300, P.O. Box 200
Bloomfield Hills, Michigan 48303-0200
(248) 258-6800

Marjorie H
Miro We
38500 Woodward
Bloomfield Hill
(248

(Address, including zip code, and telephone number, including area code, of agent for service)

Approximate date of commencement of proposed sale to the public: From time to registration statement becomes effective.

If the only securities being registered on this form are being offered pursuant to dividend reinvestment plans, please check the following box.

If any of the securities being registered on this form are to be offered on a delayed basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered with dividend or interest reinvestment plans, check the following box.

If this form is filed to register additional securities for an offering pursuant to the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. Registration No. 33-73038

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

10,000,000 Shares
Taubman Centers, Inc.
Common Stock

This prospectus relates to the sale by certain of the Company's Shareholders, the Sell of up to 10,000,000 shares of the Company's common stock from time to time. The Company wi proceeds from the sale of these shares. Our shares of common stock are traded on the New Yor under the symbol "TCO." On November 28, 2001 the closing price of the common stock on t Exchange was \$14.70 per share.

The Company is the managing general partner of The Taubman Realty Group Limited referred to in this prospectus as TRG. The Company has made a continuous, irrevocable offer t of partnership units in TRG, to exchange their partnership units in TRG for shares of the stock. Although as of this date none of the holders of partnership units in TRG has indic exchange their partnership units in TRG for shares of the Company's common stock, the Comp register the shares that would be received as a result of any exchange for resale under the 1933. TRG will bear all costs of registering the shares.

The Selling Shareholders may offer and sell the common stock at prevailing market pric negotiated transactions. The Selling Shareholders will be responsible for any commissions o brokers or dealers. The amount of those commissions or discounts will be negotiated before t or dealers participating in any sale of common stock offered by the Selling Shareholders principals or agents, may use block trades to position and resell the shares and may be deem under the Securities Act of 1933.

INVESTING IN OUR COMMON STOCK INVOLVES CERTAIN RISKS. SEE "GENERAL RISKS OF "ENVIRONMENTAL MATTERS" IN OUR ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000 INCORPORATED BY REFERENCE INTO THIS PROSPECTUS.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS DISAPPROVED OF THESE SECURITIES OR DETERMINED WHETHER THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. TELL YOU OTHERWISE.

THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THIS OFFERING. IT IS ILLEGAL TO TELL YOU OTHERWISE.

The date of this prospectus is November 29, 2001

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WHERE YOU CAN FIND MORE INFORMATION

The Company files annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any material that the Company has filed with the SEC at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The Company files information electronically with the SEC. The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The address of the SEC's Internet site is <http://www.sec.gov>. You also may inspect copies of these materials and other information about the Company at the SEC's Public Reference Room, 450 Fifth Street, New York, New York 10005.

This prospectus is part of a registration statement filed with the SEC. The prospectus contains all of the information included in the registration statement. The Company has omitted parts of the registration statement as permitted under the rules and regulations of the SEC. For further information, you should refer to the registration statement, including its exhibits and schedules. Statements contained in this prospectus about the provisions or contents of any contract, agreement or any other document referred to are not complete. For each of these contracts, agreements or documents filed as an exhibit to the registration statement, we refer you to the actual exhibit for a more complete description of the matters involved.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to "incorporate by reference" the information the Company files with the SEC. Information that the Company can disclose important information to you by referring you to those documents incorporated by reference is considered to be part of this prospectus, and information that

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later with the SEC will automatically update and supersede this information. The Company reference the documents listed below (file number 1-11530) and any future filings we will make Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") in connection with the termination of the offering of the shares made under this prospectus:

1. the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000;
2. the Company's Quarterly Reports on Form 10-Q, for the quarters ended March 31, 2001, and September 30, 2001.
3. all other reports filed pursuant to Section 13(a) and 15(d) of the Exchange Act during the Company's fiscal year ended December 31, 2000; and
4. the description of our Common Stock, contained in our registration statement filed under the Exchange Act and any amendments or reports filed for the purpose of updating such description.

Upon request, we will provide to you without charge a copy of any of the documents referenced in this prospectus, except the exhibits to those documents (unless the exhibits are incorporated by reference in the documents). You may ask for these copies in writing or orally. Taubman Centers, Inc., 200 East Long Lake Road, Suite 300, Bloomfield Hills, Michigan 48303. Investor Relations, telephone: (248-258-6800). In addition, copies of our SEC filings are accessible on our web site at <http://www.taubman.com>.

FORWARD-LOOKING STATEMENTS

Statements in this prospectus and the information incorporated by reference that are forward-looking statements are "forward-looking statements" within the meaning of section 27A of the Securities Act of 1933 (the "Securities Act") and section 21E of the Exchange Act. These forward-looking statements include the Company's expectations or beliefs concerning future events, including the following: statement of the Company's future developments and joint ventures, rents and returns, statements regarding the continuation of operations and any statements regarding the sufficiency of the Company's cash balances and cash generated from operations, financing activities for the Company's future liquidity and capital resource needs. The Company's forward-looking statements, although forward-looking statements reflect the Company's good faith beliefs and best judgment based on the information available to the Company at the time of the filing of this prospectus, these statements are qualified by important factors that could cause actual results to differ materially from those in the forward-looking statements, including those risks, uncertainties and other factors detailed from time to time in reports filed with the SEC, and in particular those set forth in the Company's "General Risks of the Company" and "Environmental Matters" in the Company's Annual Report on Form 10-K.

Unless otherwise indicated or unless the context otherwise requires, all references to "we," "us," "our" or "the Company" means Taubman Centers, Inc. and its subsidiaries.

YOU SHOULD READ THIS PROSPECTUS AND THE DOCUMENTS REFERENCED IN THIS PROSPECTUS CAREFULLY BEFORE MAKING ANY INVESTMENT DECISION.

THE COMPANY

We are organized to operate as an equity real estate investment trust or REIT. The Company is the managing general partner of TRG and owns a 61% partnership interest in TRG. The Company conducts its operations through TRG. TRG is a fully integrated real estate company, which acquires and develops, operates, manages and leases, regional shopping centers. In addition to acquiring and developing new shopping centers, TRG acquires and redevelops and/or expands existing centers. The TRG portfolio included 20 shopping centers as of December 31, 2000. Four additional centers opened in 2001. The 20 centers now comprising the TRG portfolio are referred to as the Taubman Shopping Centers:

- o are strategically located in major metropolitan areas, many in communities that are among the most affluent in the country, including New York City, Los Angeles, Denver, Detroit, Phoenix, Dallas, Tampa and Washington, D.C.;
- o range in size between 438,000 and 1.6 million square feet of gross retail space and between 100,000 and over 600,000 square feet of gross retail space excluding that allocated to anchor stores.

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- smallest center having approximately 50 stores, and the largest having approximately 200
- o lease approximately 75% of gross retail space excluding that allocated to anchor stores chains, including subsidiaries or divisions of The Limited (The Limited, Limited Victoria's Secret, and others), The Gap (The Gap, Banana Republic, and others), Group, Inc. (Foot Locker, Champ Sports, and others); and
 - o have historically been among the most productive in the United States (measured by mall average per square foot sales) with mall tenants having had average per square foot sales in 2000, which is substantially greater than the average for all regional shopping centers by public companies.

The most important factor affecting the revenues generated by the centers is leasing (primarily specialty retailers), which represents approximately 90% of revenues. Anchors account for 10% of revenues because many own their stores and, in general, those that lease their stores pay substantially lower than those in effect for mall tenants.

The Company's portfolio is concentrated in highly productive super-regional shopping centers. Of the 20 centers currently comprising the TRG portfolio are super-regional shopping centers open at December 31, 2000, 14 had annual rent rolls at December 31, 2000 of over \$10 million. The Company believes that this level of productivity is indicative of the centers' strong competitive position, in significant part, attributable to the Company's business strategy and philosophy. The success of these large shopping centers (including regional and especially super-regional shopping centers) is not as susceptible to direct competition because (among other reasons) anchors and large specialty retailers find it economically attractive to open additional stores in the immediate vicinity of an existing center out of fear of competing with themselves. In addition to the advantage of size, the Company believes that the success can be attributed in part to their other physical characteristics, such as design, layout and location.

In addition to the Taubman Shopping Centers, TRG has a 99% beneficial interest in The Taubman Company Limited Partnership which manages the Taubman Shopping Centers and provides other services. TRG also owns development projects for future regional shopping centers.

The Company's executive offices are maintained by The Taubman Company Limited Partnership, 100 Long Lake Road, Suite 300, P.O. Box 200, Bloomfield Hills, Michigan 48303-0200, Telephone: (248) 846-1000.

RECENT DEVELOPMENTS

For a summary of recent developments, please refer to the Company's Quarterly Report for the quarter ended September 30, 2001, as filed with the SEC.

SELLING SHAREHOLDERS

The Company has made a continuing offer (the "Continuing Offer") to certain partners ("Selling Shareholders") to exchange their units of partnership interest in TRG (the "Units") for the Company's common stock. All of the shares of common stock being offered under this prospectus are owned by the Selling Shareholders. Although as of this date none of the holders of partnership units in TRG has an intent to exchange their Units for shares of the Company's common stock, the Company is registering the shares that would be received as a result of any exchange for resale under the Securities Act, and all costs of registering the shares. The Selling Shareholders will be responsible for any discounts due to brokers or dealers. The Company will not receive any proceeds from the sale of Units offered under this prospectus.

This registration does not necessarily mean that the Company will issue any shares of common stock to the partners that exchange their Units for common stock subsequently will offer or sell any of the shares.

The following table sets forth information regarding each Selling Shareholder's ownership of common stock. The table assumes that each Selling Shareholder is the beneficial owner of only the portion of the right to acquire under the Company's Continuing Offer and that each Selling Shareholder sells a portion of the shares to him.

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<u>Name of Selling Shareholder</u>	<u>Beneficial Ownership of Common Stock (1)</u>
Robert S. Taubman, President, Chief Executive Officer and Director (2)	279,898
William S. Taubman, Executive Vice President and Director (2)	279,898
Gayle T. Kalisman	5,925
Richard P. Kughn	1,686,395
The Kughn Real Properties Company	53,792
Robert C. Larson, retired Director and Vice Chairman (2)	1,360,663
Sidney R. Unobskey	462,193
Leonard Dobbs	163,724
Gloria Dobbs	163,724
The Avner & Gloria Frank Naggar Living Trust	23,663
Marvin G. Leech	222,376
Courtney Lord, Senior Vice President and Managing Director, Leasing	435,153
Margaret Putnam	20,154
Burkhardt Family Trust	43,330
Michaela Naggar Bourne	43,773
Auri Neal Naggar	43,773
Ron Naggar	43,773
David Naggar	43,773
Tamara Naggar	43,773
Max M. Fisher, Trustee of the Max M. Fisher Revocable Trust	518,890
Assignees of Partners Not Eligible to Accept the Continuing Offer(3)	3,961,360

Total	10,000,000
	=====

- (1) The number of shares is based on the exchange rate under the Company's Continuing Offer of the Company's common stock for each tendered Unit.
- (2) Excludes shares of Common Stock that may be received in exchange for Units of Partners that are subject to vested incentive options granted under TRG's 1992 Incentive Option Plan.
- (3) Certain partners in TRG who are affiliates of A. Alfred Taubman have been excluded from the Continuing Offer; however, their assignees may, subject to certain limitations, accept the Continuing Offer. The Company is not aware of any excluded partner's present intent to dispose of any Units.

Pursuant to the TRG partnership agreement the partners may transfer their Units in certain circumstances or TRG may issue additional Units to new investors. The Company may amend the Continuing Offer to include those transferees and new investors with the result that such transferees and new investors may be Selling Shareholders. We may file one or more supplemental prospectuses pursuant to Rule 144 under the Securities Act to set forth the required information regarding any additional Selling Shareholders.

CERTAIN PROVISIONS OF THE ARTICLES OF INCORPORATION AND BYLAWS

General

The following description is a summary of the material provisions of the Company's Restated Articles of Incorporation (our "Articles") and the Company's Bylaws (our "Bylaws") as of the date of this prospectus.

This description does not restate these agreements in their entirety. We urge you to read the full text of these agreements because they, and not this description, define your rights as holders of our securities. Copies of these agreements as exhibits to or incorporated by reference into the registration statement include this prospectus.

Our Articles currently authorize the issuance of up to 500 million shares, including preferred stock, of our common stock. As more fully described below, the Company also has authorized preferred stock. As of November 28, 2001, the outstanding shares of stock of the Company were as follows:

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- o 50,379,810 shares of Common Stock;
- o 8,000,000 shares of 8.30% Series A Cumulative Redeemable Preferred Stock;
- o 31,835,066 shares of Series B Non-Participating Convertible Preferred Stock;
- o no shares of 9% Series C Cumulative Redeemable Preferred Stock;
- o no shares of 9% Series D Cumulative Redeemable Preferred Stock; and
- o no shares of Excess Stock.

All of the authorized shares of the 9% Series C Cumulative Redeemable Preferred Stock and Series D Cumulative Redeemable Preferred Stock, 2,000,000 and 250,000, respectively, have been reserved for issuance to certain holders of preferred equity in TRG upon exercise of their conversion rights. As of the date of this prospectus, approximately 6,571,314 shares of our common stock have been reserved for issuance in connection with the Company's Continuing Offer.

The authorized shares of our common stock and preferred stock in excess of those presently or specifically reserved are available for issuance at such times and for such purposes as our Board of Directors may deem advisable without further action by our shareholders, except as may be required by applicable laws and regulations, including stock exchange rules. These purposes may include stock dividends, stock repurchases, retirement of indebtedness, employee benefit programs, corporate business combinations, acquisitions, and other corporate purposes. The authorized shares of our excess stock are available for issuance under our Articles and as may be necessary to preserve our qualification as a REIT under applicable laws. The issuance of our common stock to the holders of our common stock do not have preemptive rights, the issuance of common stock, on a pro rata basis to all current shareholders, would reduce the current shareholders' proportionate ownership. In such event, however, shareholders wishing to maintain their interests may be able to do so through additional purchases. Any future issuance of the Company common stock will be subject to the rights of the holders of the outstanding shares of its existing series of preferred stock and of any shares of preferred stock issued in the future. See also "Certain Provisions of the Articles of Incorporation and Bylaws--Preferred

Description Of Common Stock

Subject to any preferential rights granted to any existing or future series of preferred stock, all shares of common stock have equal right to dividends payable to common shareholders as declared by the Board of Directors and in net assets available for distribution to common shareholders on liquidation, winding up of the Company. Each outstanding share of common stock entitles the holder to one vote on all matters submitted to a vote of the shareholders. Holders of common stock do not have cumulative voting rights in the election of directors. All issued and outstanding shares of common stock are, and the common stock issued under this prospectus will be upon issuance, validly issued, fully paid and nonassessable. The common stock you do not have preference, conversion, exchange or preemptive rights.

In addition to the holders of the common stock, the holders of the Company's Series B Non-Participating Convertible Preferred Stock (the "Series B Stock") are entitled to one vote per share on all matters submitted to a vote of the shareholders. The holders of Series B Stock (voting as a separate class) are entitled to elect up to four individuals for election as directors of the Company. The number of individuals the holders of Series B Preferred Stock may nominate in any given year is reduced by the number of directors nominated in prior years whose terms are not expiring.

Currently, a majority of the outstanding shares of common stock and Series B Stock (the "Voting Stock") is required for a quorum. Any action regarding shareholders' matters (other than the election of directors) will be approved, upon the affirmative vote of holders of a majority of the outstanding shares of Voting Stock. Directors are elected by a plurality of the votes cast.

The Company's 8.30% Series A Cumulative Redeemable Preferred Stock does not entitle its holders to vote. Although the Company has authorized the issuance of shares of additional series of preferred stock, no such shares of preferred stock are outstanding. When issued, such shares of Series C and Series D Preferred Stock will not entitle their respective holders to vote.

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The common stock is listed on the New York Stock Exchange under the ticker symbol "T" to the New York Stock Exchange (NYSE) to list additional shares to be sold pursuant to any prospectus and we anticipate that any such additional shares will be listed.

Staggered Board Of Directors

Under the Bylaws, the Company's board of directors is divided into three classes of directors, each class constituting approximately one-third of the total number of directors and with the staggered three-year terms. Our Articles provide that a majority of the Company's directors are "Independent," as defined in the Articles. Generally, a director is Independent if he is neither an employee of the Company or its subsidiaries. The classification of the board of directors is difficult for shareholders to change the composition of the board of directors because only one-third of the directors are elected at any one time. We believe however, that the longer terms associated with the board of directors help to ensure continuity and stability of the Company's management and policies.

The classification provisions could also have the effect of discouraging a third party from acquiring a large block of the Company's stock or attempting to obtain control of the Company, even though such an acquisition might be beneficial to the Company and some, or a majority, of its shareholders.

Number of Directors; Removal

Our Articles provide that the number of directors will be fixed by our Bylaws. Our Bylaws provide for the Board of Directors to establish from time to time the size of the Board, which may be reduced except upon the expiration of the term of one or more directors or the death, resignation or removal of a director. Currently the Board is comprised of 9 directors serving three-year staggered terms.

Directors may be removed only upon the affirmative vote of two-thirds of the outstanding shares of capital stock entitled to vote.

Preferred Stock

Our Articles authorize the board of directors to establish one or more series of preferred stock and to determine, with respect to any series of preferred stock, the preferences, rights (including conversion rights), and other terms of such series. We believe that the ability of the board of directors to issue one or more series of preferred stock provides the Company with increased flexibility in financing its needs. The authorized shares of preferred stock, as well as unissued shares of common stock, may be issued without further action by the Company's shareholders, except as may be required by applicable regulations including stock exchange rules. Although our board of directors has no present intention to issue such stock, they could issue a series of preferred stock that (because of its terms) could impede a merger, acquisition or other transaction that some of the Company's shareholders might believe to be in their best interests. Such preferred stock might receive a premium over the then-prevailing market prices for their shares. The issuance of preferred stock could be issued in order to dilute the percentage voting stock of a significant shareholder. The Company may issue preferred stock to a holder expected to vote in accordance with the recommendations of the Company's board of directors with respect to any shareholder proposal.

Amendment of Articles of Incorporation and Bylaws

We may amend our Articles with the affirmative vote of two-thirds of the outstanding shares of capital stock entitled to vote. A majority of the board of directors may amend our Bylaws at any time, by statute and except for a bylaw that is adopted by the shareholders and that, by its terms, may be amended only by the shareholders. The shareholders can amend our Bylaws only upon the affirmative vote of two-thirds of the outstanding shares of capital stock entitled to vote.

Ownership Limit

The ownership limits included in our Articles may discourage offers to acquire the Company and create the difficulty of consummating any such acquisition. See "Transfer Restrictions, Restrictions on Ownership."

TRANSFER AGENT

The transfer agent and registrar for our common stock is Mellon Investor Services, L.L.C.

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TRANSFER RESTRICTIONS, RESTRICTIONS ON OWNERSHIP

Because the Company's board of directors believes it is essential for the Company to c as a REIT, our Articles and Bylaws contain restrictions on the ownership and transfer of our cap are intended to assist the Company in complying with these requirements.

For the Company to qualify as a REIT under the Internal Revenue Code of 1986, as amen not more than 50% in value of its outstanding stock may be owned, actually or constructively, individuals (as defined in the Code to include certain entities) during the last half of a tax stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable or during a proportionate part of a shorter taxable year. In addition, rent from Related defined below) is not qualifying income for purposes of the income tests under the Code.

Under the Company's Articles, in general, no shareholder may own more than 8.2 Company's capital stock (the "General Ownership Limit"). Certain pension trusts of General M and its affiliates (the "GM Trusts") may collectively own the greater of 8,731,426 shares of Stock (which term refers to shares of common stock and preferred stock that are not Excess S value of the outstanding capital stock; the AT&T Master Pension Trust (the "AT&T Trust and, to Trusts, the "Trusts") may own the greater of 6,059,080 shares of Regular Capital Stock and 13.7 outstanding capital stock; and the Trusts may own, in the aggregate, the greater of 14,790,506 Capital Stock and 33.54% in value of the outstanding Capital Stock (each such variation Ownership Limit is referred to as an "Existing Holder Limit"). In addition, the board of authority to allow a "Look Through Entity" to own up to 9.9% in value of the capital stock (Entity Limit"). A "Look Through Entity," in general, is an entity (other than a qualified t 401(a) of the Code, an entity that owns 10% or more of the equity of any tenant from which t receives or accrues rent from real property, or certain tax exempt entities described in our beneficial owners, rather than the entity, would be treated as owning the Capital Stock owned by

Our Articles provide that if the transfer of any shares of Regular Capital Stock Company's capital structure would cause any person (the "Purported Transferee") to own Regula excess of the General Ownership Limit (which refers to 8.23% in value of the outstanding Capi Look Through Limit (which refers to 9.9% in value of the outstanding capital stock) or applicable Existing Holder Limit (which is the greater of the fixed number of shares of Regular percentage in value of the outstanding capital stock applicable to the relevant Trust, as descri the transfer is void ab initio (the General Ownership Limit, the Look Through Limit, and th Limit are referred to collectively as the "Ownership Limits"). It is possible, however, Regular Capital Stock in violation of one of the Ownership Limits could occur without the Com Accordingly, our Articles provide that if notwithstanding the Ownership Limits, a transfer n which causes a person to own in excess of any of the Ownership Limits, the shares in excess Limit automatically acquire the status of "Excess Stock." Shares that have become Excess Sto issued and outstanding shares of common stock or preferred stock, as the case may be.

A Purported Transferee of Excess Stock acquires no rights to those shares. Ra associated with the ownership of those shares (with the exception of the right to be reimbursed the original purchase price of those shares or the amount received by the Designated Agen shares as described below) immediately vest in one or more charitable organizations designated by the Company's board of directors (each, a "Designated Charity"). An agent designated from t board of directors (each, a "Designated Agent") will act as attorney-in-fact for the Designate the shares of Excess Stock, to take delivery of the certificates evidencing the shares that Stock and to receive distributions paid to the Purported Transferee with respect to t Designated Agent will sell the Excess Stock, and any increase in value of the Excess Stock b became Excess Stock and the date of sale will inure to the benefit of the Designated Charity.

A Purported Transferee must notify the Company of any transfer resulting in shares Excess Stock, and provide other information regarding such person's ownership of our ca request. In addition, any person holding 5% or more of the Company's capital stock must information regarding their ownership.

Under our Articles, only the Designated Agent has the right to vote shares of Excess our Articles also provide that votes cast with respect to certain irreversible corporate actio or sale of the Company) will not be invalidated if erroneously voted by the Purported Transfe also provide that a director is deemed to be a director for all purposes, notwithstan

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Transferee's unauthorized exercise of voting rights with respect to shares of Excess Stock in such director's election.

The General Ownership Limit will not be automatically removed even if the REIT provisions as to no longer contain any ownership concentration limitation or if the concentration limitation. In addition to preserving the Company's status as a REIT, the effect of the General Ownership Limit on any person from acquiring unilateral control of the Company. Any change in the General Ownership Limit require an amendment to the Articles. Currently, amendments to the Articles require the affirmative vote of holders owning not less than two-thirds of the outstanding capital stock entitled to vote.

All certificates evidencing shares of capital stock bear or will bear a legend with the restrictions described above.

FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain Federal income tax considerations that may be of interest to a prospective purchaser of common stock, is based on current law, and is not tax advice. This summary does not address all aspects of taxation that may be relevant to particular shareholders in light of their specific investment or tax circumstances or to certain types of shareholders (including insurance companies, banks, trust institutions or broker-dealers) subject to special treatment under the Federal income tax laws.

This discussion was prepared by Miro Weiner & Kramer, counsel to the Company, and is based on the provisions of the Code, existing, temporary and currently proposed Treasury Regulations and other authority, the legislative history of the Code, existing administrative rulings and practices of the Service, and court decisions. Legislative, judicial or administrative changes may affect the accuracy of any statements made in this Prospectus with respect to transactions entered into or contemplated prior to the effective date of such changes.

EACH PROSPECTIVE PURCHASER IS ADVISED TO CONSULT HIS OWN TAX ADVISOR REGARDING THE TAX CONSEQUENCES TO HIM OF THE PURCHASE, OWNERSHIP AND SALE OF THE COMMON STOCK AND OF THE COMPANY, WHICH IS TAXED AS A REAL ESTATE INVESTMENT TRUST, INCLUDING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES OF SUCH PURCHASE, OWNERSHIP, SALE AND ELECTION AND OF POTENTIAL CHANGES IN APPLICABLE TAX LAWS.

Taxation of Taubman Centers, Inc.

General.

We elected to be taxed as a REIT under Sections 856 through 860 of the Code. We were organized and have operated in a manner that allows us to qualify for taxation as a REIT and we intend to continue to operate in this manner. Nonetheless, our qualification and taxation as a REIT depends on our ability to meet (through actual annual operating results, asset diversification, distribution requirements and diversity of stock ownership) the various qualification tests imposed under the Code. Accordingly, we cannot provide assurance that we have operated or will continue to operate in a manner so as to qualify or remain qualified as a REIT. See "Failure to Qualify."

The sections of the Code that relate to the qualification and operation as a REIT are numerous and complex. The following sets forth the material aspects of the sections of the Code that relate to the income tax treatment of a REIT and its shareholders. This summary is qualified in its entirety by the Code provisions, relevant rules and regulations promulgated under the Code, and administrative and judicial interpretations of the Code.

If we qualify for taxation as a REIT, we generally will not be subject to Federal corporate income tax on our net income that is currently distributed to our shareholders. This treatment avoids the "double taxation" (once at the corporate level when earned and once again at the shareholder level when distributed) that generally results from investment in a corporation. We will, however, be subject to Federal income tax as follows:

- o First, we will be taxed at regular corporate rates on any undistributed REIT income, including undistributed net capital gains.
- o Second, we may be subject to the "alternative minimum tax" on our items of tax preference in certain circumstances.

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- o Third, if we have (a) net income from the sale or other disposition of "foreclosed property" (defined generally as property we acquired through foreclosure or after a foreclosure sale of property secured by the property or a lease of the property) that is held primarily for sale to customers in the ordinary course of business or (b) other nonqualifying income from foreclosure sales, we will be subject to tax at the highest corporate rate on this income.
- o Fourth, we will be subject to a 100% tax on any net income from prohibited transactions in general, certain sales or other dispositions of property held primarily for sale to customers in the ordinary course of business other than foreclosure property).
- o Fifth, we will be subject to a 100% tax on an amount equal to (a) the gross income from the sale or other disposition, or the greater of the amount by which we fail the 75% or 95% test multiplied by 100%, whichever is intended to reflect our profitability, if we fail to satisfy the 75% gross income test (as discussed below), but have maintained our qualification as a REIT, or (b) the gross income test (as discussed below), but have maintained our qualification as a REIT, if we have satisfied certain other requirements.
- o Sixth, we would be subject to a 4% excise tax on the excess of the required distribution amounts actually distributed if we fail to distribute during each calendar year an amount equal to (a) 85% of our REIT ordinary income for the year, (b) 95% of our REIT capital gain for the year, and (c) any undistributed taxable income from prior periods.
- o Seventh, if we acquire any asset (a "Built-In Gain Asset") from a corporation that was a C corporation (i.e., generally a corporation subject to full corporate-level tax) in which the basis of the Built-In Gain Asset in our hands is determined by the adjusted basis of the asset in the hands of the C corporation, and we subsequently recapture the Built-In Gain on disposition of the asset during the ten-year period (the "Recognition Period") beginning on the date on which we acquired the asset, then we will be subject to tax, pursuant to Section 1361(c)(2), issued by the IRS, at the highest regular corporate tax rate on this gain to the extent of the Built-In Gain (i.e., the excess of (a) the fair market value of the asset over its adjusted basis in the asset, determined as of the beginning of the Recognition Period, or (b) the Built-In Gain described in this paragraph assume that we will make an election pursuant to Treasury Regulations under Section 1.337(d)-5T(b)(3).

Requirements for Qualification as a REIT.

The Code defines a REIT as a corporation, trust or association:

- (1) that is managed by one or more trustees or directors;
- (2) that issues transferable shares or transferable certificates representing beneficial ownership;
- (3) that would be taxable as a domestic corporation, but for Sections 1361 and 1362 of the Code;
- (4) that is not a financial institution or an insurance company with respect to which certain provisions of the Code apply;
- (5) that is beneficially owned by 100 or more persons;
- (6) of which during the last half of each taxable year not more than 5% of the outstanding stock is owned, actually or constructively, by five or fewer persons, as defined in the Code to include the entities set forth in Code section 1361(c)(2)(E);
- (7) that meets certain other tests, described below, regarding the nature of its assets and the amount of its distributions.

The Code provides that conditions (1) to (4), inclusive, must be met during the entire taxable year, that condition (5) must be met during at least 335 days of a taxable year of twelve months, and that condition (6) must be met during a proportionate part of a taxable year of less than twelve months. Conditions (5) and (6) do not apply to the first taxable year for which an election is made to be taxed as a REIT. For purposes of this section, pension funds and some other tax-exempt entities are treated as individuals, subject to

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exception in the case of pension funds.

We believe that we have satisfied each of these conditions. In addition, our Article 10 restrictions regarding transfer of our shares of capital stock and our Continuing Offer to sell to TRG to exchange their Units for shares of our common stock includes certain restrictions on the exercise rights under the Continuing Offer. These restrictions are intended to assist us in satisfying the share ownership requirements described in (5) and (6) above. These ownership restrictions are described above under the heading "Transfer Restrictions, Restrictions on Dividends, and Other Restrictions," however, may not ensure that we will, in all cases, be able to satisfy the requirements described in (5) and (6) above. If we fail to satisfy these share ownership requirements, the status as a REIT will terminate. If, however, we comply with the rules contained in applicable Regulations that require us to ascertain the actual ownership of our shares and we do not know, through the exercise of reasonable diligence, that we failed to meet the requirement described in (6) above, we will be treated as having met this requirement. See "Failure to Qualify" below.

In addition, a corporation may not elect to become a REIT unless its taxable year is the calendar year. We have and intend to continue to have a calendar taxable year.

In the case of a REIT that is a partner in a partnership or member of a limited liability company that is taxable as a partnership for Federal income tax purposes, IRS regulations provide that the REIT (to own its proportionate share of the assets of the partnership or limited liability company, as the case may be), and the REIT will be deemed to be entitled to the income of the partnership or limited liability company (as the case may be) attributable to such share. The character of the assets and gross income of the partnership or limited liability company (as the case may be) retains the same character in the hands of the REIT. For purposes of Section 856 of the Code, including satisfying the gross income tests and the asset tests, the REIT's proportionate share of the assets, liabilities and items of income of TRG, including TRG's proportionate share of the assets, liabilities, and items of income of The Taubman Company Limited Partnership (the "TRG Partnership") (the shopping center joint ventures (provided that none of the joint ventures or the various entities wholly-owned by TRG (the "TRG Trusts") which serve as TRG's partners, in those cases where the joint ventures or wholly-owned by TRG are taxable as corporations for Federal income tax purposes) is treated as a partnership for purposes of applying the requirements described in this prospectus (the income and asset tests described below).

We must satisfy two gross income requirements annually to maintain our qualification as a REIT. First, each taxable year we must derive directly or indirectly at least 75% of our gross income (excluding from prohibited transactions) from investments relating to real property or mortgages on real property (excluding "rents from real property" and, in certain circumstances, interest) or from certain types of investments. Second, each taxable year we must derive at least 95% of our gross income (excluding from prohibited transactions) from these real property investments, dividends, interest and gain from the disposition of stock or securities (or from any combination of the foregoing). The term "interest" does not include any amount received or accrued (directly or indirectly) if the determination of whether an amount is interest depends in whole or in part on the income or profits of any person. Nevertheless, an amount received or accrued generally will not be excluded from the term "interest" solely by reason of being based on a fixed percentage of receipts or sales.

Rents we receive will qualify as "rents from real property" in satisfying the gross income requirements for a REIT described above only if the following conditions are met:

- o First, the amount of rent must not be based in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term "rents from real property" solely by reason of being based on a fixed percentage of receipts or sales;
- o Second, except for rents received from a taxable REIT subsidiary, as discussed below, rents received from a tenant will not qualify as "rents from real property" in satisfying the gross income tests if the REIT, or an actual or constructive owner of 10% or more of the interests in such tenant (the "Tenant");
- o Third, if rent attributable to personal property, leased in connection with real property, is greater than 15% of the total rent received under the lease, then the amount of rent attributable to personal property will not qualify as "rents from real property;"

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- o Fourth, if rent is received from a taxable REIT subsidiary with respect to any space at the property that is more than 10% of the leased space at the property may be leased to taxable REIT subsidiary Party Tenants, and rents received from such property (except from Related Party Tenants) are substantially comparable to rents paid by other tenants of the REIT's property space; and
- o Fifth, for rents to qualify as "rents from real property," the REIT generally must manage the property or furnish or render services to the tenants of the property (with a de minimis exception), other than through an independent contractor from whom the REIT derives revenue. The REIT may, however, directly perform certain services that are "customarily rendered" in connection with the rental of space for occupancy and are otherwise considered "rendered to the occupant" of the property.

Substantially all of our income is derived from our partnership interest in TRG. Current estate investments give rise to income that enables us to satisfy all of the income tests described above. Income is largely derived from its interests in the Taubman Shopping Centers. This income generally qualifies as "rents from real property" for purposes of the 75% and the 95% gross income tests. TRG also derives income from its partnership interest in the Manager and, to the extent dividends are paid by the Manager's ("Taub-Co"), from TRG's interest in Taub-Co.

We believe that neither TRG nor any of the shopping center owners in which TRG has an ownership interest ("Center Owners") charges rent from any property that is based in whole or in part on the income of the person (except by reason of being based on a fixed percentage of receipts or sales, as described above). We believe that neither TRG nor any of the Center Owners derives rent attributable to personal property in connection with real property that exceeds 15% of the total rents. In addition, although the Center Owners may advance money from time to time to tenants for the purpose of financing tenant improvements, we do not intend to charge interest that will depend in whole or in part on the income or profits of any tenant.

We do not believe that we derive rent from property rented to a Related Party Tenant. The determination of whether we own 10% or more of any tenant is made after the application of control rules under which we will be treated as owning interests in tenants that are owned by our Shareholders." In identifying our Ten Percent Shareholders, each individual or entity will be identified if it holds common stock and preferred stock held by related individuals and entities. Accordingly, we cannot determine whether all Related Party Tenants have been or will be identified. Although rent derived from a Related Party Tenant will not qualify as rents from real property and, therefore, will not be qualifying income for purposes of the 75% or 95% gross income tests, we believe that the aggregate amount of such rental income (including nonqualifying income) in any taxable year will not exceed the limits on nonqualifying income for purposes of the 75% and 95% gross income tests. See "Failure to Qualify."

We believe that neither TRG nor any of the Center Owners will lease any property to a Related Party Tenant unless they determine that not more than 10% of the leased space at such property is leased to Related Party Tenants and our taxable REIT subsidiaries and the rents received from such leases are substantially comparable to those received from other tenants (except rent from Related Party Tenants) of the Center Owners for comparable space.

TRG has entered into an agreement with the Manager, pursuant to which the Manager provides services to TRG that TRG requires in connection with the operation of the Taubman Shopping Centers. As a result of its ownership interests in the Manager and Taub-Co, the Manager does not qualify as an independent contractor from whom the Company derives no income. We believe, however, that no amounts of rent should be derived from the Manager solely by reason of the failure to use an independent contractor. The Company will hire an independent contractor to the extent necessary to qualify rental income as rents from real property under Section 856(d)(1) of the Code.

The Manager receives fees in exchange for the performance of certain management and administrative services, including fees to be received pursuant to agreements with the Company and TRG. A portion of these fees will accrue to us because TRG owns a limited partnership interest in the Manager. Our indirect ownership interest in the Manager generally may not be qualified income under the 75% or 95% gross income tests (at least to the extent attributable to properties in which TRG has no interest or a less than 10% partner's interest in a property). In any event, we believe that the aggregate amount of such rental income (including other nonqualifying income) in any taxable year has not exceeded and will not exceed the limits on nonqualifying income under the 75% and 95% gross income tests.

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If we fail to satisfy one or both of the 75% or 95% gross income tests for any tax year, we nevertheless qualify as a REIT for the year if we are entitled to relief under specific provisions. Generally, we may avail ourselves of the relief provisions if:

- o our failure to meet these tests was due to reasonable cause and not due to willful neglect;
- o we attach a schedule of the sources of our income to our Federal income tax return;
- o any incorrect information on the schedule was not due to fraud with intent to evade tax.

It is not possible, however, to state whether in all circumstances we would be entitled to the relief provisions. For example, if we fail to satisfy the gross income tests because nonqualifying income intentionally exceeds the limits on nonqualifying income, the IRS could conclude that our failure to satisfy the tests was not due to reasonable cause. If these relief provisions do not apply to a particular set of circumstances, we will not qualify as a REIT. As discussed above in "Taxation of Taubman Centers, Inc.," even if these relief provisions apply, and we retain our status as a REIT, a tax would be imposed on our excess net income. We may not always be able to maintain compliance with the gross income tests for REIT qualification despite our periodic monitoring of our income.

Prohibited Transaction Income.

Any gain realized by us on the sale of any property held as inventory or other property for sale to customers in the ordinary course of business (including our share of any such gain) will be treated as income from a prohibited transaction that is subject to a 100% penalty tax. Such a transaction may also adversely affect our ability to satisfy the income tests for a REIT. Under existing law, whether property is held as inventory or primarily for sale in the ordinary course of a trade or business is a question of fact that depends on all the facts and circumstances surrounding the particular transaction. TRG owns interests in real property that is situated on certain of the Taubman Shopping Centers. Sales of peripheral property will generally be made through a REIT subsidiary, and gain from such sales will be subject to the corporate income tax, as discussed in "The Taxable REIT Subsidiary." TRG intends to hold its properties for investment with a view to appreciation, and to engage in the business of acquiring, developing and owning properties. We do not intend to make occasional sales of its properties as are consistent with its investment objectives. We may contend that one or more of these sales is subject to the 100% penalty tax.

Asset Tests.

At the close of each quarter of our taxable year, we also must satisfy three tests relating to the nature and diversification of our assets.

- o First, at least 75% of the value of our total assets (including our allocable share of the value of assets held by TRG) must be represented by real estate assets, cash, cash items held for sale, and government securities. For purposes of this test, real estate assets include interests in instruments that are purchased with the proceeds of a stock offering or a long-term (more than five years) public debt offering.
- o Second, not more than 25% of the value of our total assets may be represented by securities other than those securities includable in the 75% asset test.
- o Third, not more than 20% of the value of our total assets may be represented by securities owned by one or more taxable REIT subsidiaries.
- o Fourth, except with respect to a taxable REIT subsidiary or securities includable in the 75% asset test, the value of any one issuer's securities may not exceed 5% of the value of our total assets, and we may not own more than 10% of any one issuer's outstanding voting securities, or more than 10% of the total value of any one issuer's outstanding securities.

We are deemed to own a proportionate share of all of the assets owned by TRG and the assets of any taxable REIT subsidiary in which TRG is a partner. We believe that more than 75% of the value of TRG's assets qualify as real estate assets." An election has been made to treat Taub-Co and each of its subsidiaries as a taxable

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Likewise, a taxable REIT subsidiary election has been made or will be made for each corporation or indirectly, by TRG. Further, we believe that the value of our proportionate share of T taxable REIT subsidiary securities does not exceed 20% of the value of our assets, and we do not will exceed 20% in the future.

After initially meeting the asset tests at the close of any quarter, we will not lose REIT for failure to satisfy the asset tests at the end of a later quarter solely by reason of values. If we fail to satisfy the asset tests because we acquire securities or other property (including as a result of our increasing our interest in TRG or if TRG owns non-qualifying assets) this failure by disposing of sufficient nonqualifying assets within 30 days after the close of quarter we believe we have maintained and intend to continue to maintain adequate records of the value to ensure compliance with the asset tests and to take such other actions within the 30 days after quarter as may be required to cure any noncompliance. If we fail to cure noncompliance within this time period, we would cease to qualify as a REIT.

The Taxable REIT Subsidiary.

The Internal Revenue Code provides that for taxable years beginning after December 31, 1980, a REIT may not own more than 10% of the voting power and value of securities in a taxable REIT subsidiary. A taxable REIT subsidiary is a corporation that is not a REIT (a) in which the REIT directly or indirectly owns more than 10% of the voting power and value of securities, as to which an election has been jointly made to treat the corporation as a taxable REIT subsidiary. In addition, any corporation (other than a REIT or a qualified REIT subsidiary) is a taxable REIT subsidiary if a taxable REIT subsidiary of a REIT owns directly or indirectly (i) securities having more than 10% of the voting power of the outstanding securities of the corporation, or (ii) securities with a value of more than 10% of the total value of the outstanding securities of the corporation calculated without regard to the value of the corporation's debt. As discussed under "Requirements for REIT Qualification," above, not more than 10% of the market value of a REIT's assets can be composed of securities of taxable REIT subsidiaries. A taxable REIT subsidiary is not a qualified asset for purposes of the 75% asset test.

Although the activities and income of a taxable REIT subsidiary are subject to the corporate tax rules, a taxable REIT subsidiary is permitted to engage in activities and render services the income of which is earned directly by the REIT, would disqualify the REIT. Additionally, under certain limited circumstances, a REIT may receive income from a taxable REIT subsidiary that will be treated as rent.

The amount of interest on related party debt a taxable REIT subsidiary may deduct is limited. A 100% excise tax applies to any interest payments by a taxable REIT subsidiary to its affiliates if, to the extent the interest rate is set above a commercially reasonable level. A taxable REIT subsidiary may deduct interest payments to unrelated parties without restriction.

The Internal Revenue Code allows the Internal Revenue Service to reallocate costs between a REIT and its taxable REIT subsidiary. Any deductible expenses allocated away from a taxable REIT subsidiary to the REIT to reduce its tax liability, and the amount of such increase would be subject to interest charges. Furthermore, a REIT which understates its deductions and overstates those of its taxable REIT subsidiary, in certain exceptions, be subject to a 100% excise tax.

Annual Distribution Requirements.

To maintain our qualification as a REIT, we are required to distribute dividends (including capital gain dividends) to our shareholders in an amount at least equal to the sum of 90% of our "REIT taxable income" (computed without regard to the dividends paid deduction and our net capital gain) and 90% of our net capital gain (after tax), if any, from foreclosure property, minus the excess of the sum of particular items of income (i.e., income attributable to leveled stepped rents, original issue discount on purchases of securities, and like-kind exchange that is later determined to be taxable) over 5% of our "REIT taxable income" as defined above. In addition, if we dispose of any Built-In Gain Asset during its Recognition Period, we are required, pursuant to Treasury Regulations which have not yet been promulgated, to distribute a portion of the Built-In Gain (after tax), if any, recognized on the disposition of such asset.

These distributions must be paid in the taxable year to which they relate, or in the year if they are declared before we timely file our tax return for such year and if paid on a regular dividend payment after such declaration. These distributions are taxable to holders of common stock (other than tax-exempt entities, as discussed below) in the year in which paid. This is so even if the distributions relate to the prior year for purposes of our 90% distribution requirement. The a

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must not be preferential; i.e., every shareholder of the class of stock to which a distribution is treated the same as every other shareholder of that class, and no class of stock may be treated in accordance with its dividend rights as a class. To the extent that we do not distribute all our net gain or distribute at least 90%, but less than 100%, of our "REIT taxable income," as adjusted, subject to tax on such income at corporate tax rates.

Our REIT taxable income consists substantially of our distributive share of the income of the TRG. Currently, our REIT taxable income is less than the cash flow we receive from TRG, due to depreciation and other non-cash charges in computing REIT taxable income. Accordingly, we will generally have sufficient cash or liquid assets to enable us to satisfy the 90% distribution requirement.

It is possible that from time to time we may not have sufficient cash or other liquid assets to satisfy these distribution requirements due to timing differences between the actual receipt of income and the deduction of deductible expenses, and the inclusion of income and deduction of expenses in arriving at our REIT taxable income. If these timing differences occur, to meet the distribution requirements we may need to arrange for borrowings or possibly long-term borrowings or need to pay dividends in the form of taxable stock dividends.

We may be able to rectify a failure to meet the distribution requirement for "deficiency dividends" to shareholders in a later year, which may be included in our deduction for the earlier year. Thus, we may be able to avoid being taxed on amounts distributed as deficiency dividends. Nonetheless, we will be required to pay interest based upon the amount of any deduction taken for deficiency dividends.

Furthermore, we would be subject to a 4% excise tax on the excess of the required distribution amounts actually distributed if we should fail to distribute during each calendar year the required distribution amounts with declaration and record dates falling in the last three months of the calendar year (or January immediately following such year) at least the sum of 85% of our REIT ordinary income for the year and 95% of our REIT capital gain income for the year and any undistributed taxable income from prior years. The excise tax on REIT taxable income and net capital gain on which this excise tax is imposed for any year is treated as if it were distributed during that year for purposes of calculating such tax.

Failure to Qualify

If we fail to qualify for taxation as a REIT in any taxable year, and the relief provisions do not apply, we will be subject to tax (including any applicable alternative minimum tax) on our distributions to shareholders in any year in which we fail to qualify as a REIT. Distributions to shareholders in any year in which we fail to qualify as a REIT will be taxable to shareholders by us and we will not be required to distribute any amounts to our shareholders. Our failure to qualify as a REIT would reduce the cash available for distribution by us to our shareholders. In addition, if we fail to qualify as a REIT, all distributions to shareholders will be taxable to the extent of our current and accumulated earnings and profits, and subject to limitations on the deductibility of corporate distributees may be eligible for the dividends received deduction. Unless entitled to specific statutory provisions, we will also be disqualified from taxation as a REIT for the year following the year during which we lost our qualification. It is not possible to state with certainty under what circumstances we would be entitled to this statutory relief.

Taxation of Taxable U.S. Shareholders

As used below, the term "U.S. Shareholder" means a holder of shares of common stock of the TRG (for United States Federal income tax purposes):

- o is a citizen or resident of the United States;
- o is a corporation, partnership, or other entity created or organized in or under the laws of the United States or of any state thereof or in the District of Columbia, unless, in the case of a partnership, the entity is taxed as a partnership, Treasury Regulations provide otherwise;
- o is an estate the income of which is subject to United States Federal income tax at the source; or
- o is a trust whose administration is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control the investment decisions of the trust.

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Notwithstanding the preceding sentence, to the extent provided in Treasury Regulations, existence on August 20, 1996, and treated as United States persons prior to this date that el be treated as United States persons, shall also be considered U.S. Shareholders.

Distributions Generally.

As long as we qualify as a REIT, distributions out of our current or accumulated ear other than capital gain dividends discussed below, will constitute dividends taxable to Shareholders as ordinary income. These distributions will not be eligible for the dividends-r in the case of U.S. Shareholders that are corporations.

For purposes of determining whether distributions to holders of common stock are accumulated earnings and profits, our earnings and profits will be allocated first to the outs stock and then to the common stock. To the extent that we make distributions, other than capit discussed below, in excess of our current and accumulated earnings and profits, these dist treated first as a tax-free return of capital to each U.S. Shareholder. This treatment will r basis which each U.S. Shareholder has in his shares of stock for tax purposes by the amount of (but not below zero). Distributions in excess of a U.S. Shareholder's adjusted basis in hi taxable as capital gains (provided that the shares have been held as a capital asset) and long-term capital gain if the shares have been held for more than one year. Dividends we de November, or December of any year and payable to a Shareholder of record on a specified da months shall be treated as both paid by us and received by the shareholder on December 31 of th we actually pay the dividend on or before January 31 of the following calendar year.

Shareholders may not include in their own income tax returns any of our net operating losses.

Capital Gain Distributions.

Distributions that we properly designate as capital gain dividends will be taxabl Shareholders as gains (to the extent that they do not exceed our actual net capital gain for t from the sale or disposition of a capital asset. Depending on the character of the assets whi gains, and on designations, if any, which we may make, these gains may be taxable to n Shareholders at a 20% or 25% rate. U.S. Shareholders that are corporations may, however, be re to 20% of some capital gain dividends as ordinary income.

Retention of Net Long-Term Capital Gains.

We may elect to retain, rather than distribute as a capital gain dividend, our net gains. If we make this election, we would pay tax on our retained net long-term capital gains. the extent we designate, a U.S. Shareholder generally would:

- o include its proportionate share of our undistributed long-term capital gains long-term capital gains in its return for its taxable year in which the last da year falls (subject to certain limitations as to the amount that is includable);
- o be deemed to have paid the capital gains tax imposed on us on the designated am the U.S. Shareholder's long-term capital gains;
- o receive a credit or refund for the amount of tax deemed paid by it;
- o increase the adjusted basis of its common stock by the difference between the am gains and the tax deemed to have been paid by it; and
- o in the case of a U.S. Shareholder that is a corporation, appropriately adjust profits for the retained capital gains in accordance with Treasury Regulations by the IRS.

Passive Activity Losses and Investment Interest Limitations.

Distributions we make and gain arising from the sale or exchange by a U.S. Sharehol

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will not be treated as passive activity income. As a result, U.S. Shareholders generally will not apply any "passive losses" against this income or gain. Distributions we make (to the extent they constitute a return of capital) generally will be treated as investment income for purposes of the investment interest limitation. Gain arising from the sale or other disposition of our shares, however, will be treated as investment income in some circumstances.

Dispositions of Common Stock

If you are a U.S. Shareholder and you sell or dispose of your shares of common stock, you will recognize gain or loss for Federal income tax purposes in an amount equal to the difference between the fair market value of any property you receive on the sale or other disposition and your adjusted basis in the shares for tax purposes. This gain or loss will be capital if you have held the common stock for more than one year and will be long-term capital gain or loss if you have held the common stock for more than one year. If you are a U.S. Shareholder and you recognize loss upon the sale or other disposition of common stock, the loss will be treated as a long-term capital loss, to the extent you received distributions of common stock that were required to be treated as long-term capital gains.

Backup Withholding

We report to our U.S. Shareholders and the IRS the amount of dividends paid during each year and the amount of any tax withheld. Under the backup withholding rules, a shareholder may be subject to backup withholding with respect to dividends paid unless the holder is a corporation or comes within one of the exempt categories and, when required, demonstrates this fact, or provides a taxpayer identification number and certifies as to no loss of exemption from backup withholding, and otherwise complies with applicable rules of the backup withholding rules. The back-up withholding rate is equal to the fourth lowest tax rate in effect to unmarried individuals. For amounts paid after August 6, 2001, the rate is 30.5%. For amounts paid in 2002 and 2003, the rate is scheduled to drop to 30%. After December 31, 2010, the rates are scheduled to drop to the pre-August 6, 2001 rate of 31%. A U.S. Shareholder that does not provide us with his or her taxpayer identification number may also be subject to penalties imposed by the IRS. Backup withholding may result in additional tax. Any amount paid as backup withholding will be creditable against the shareholder's tax liability. In addition, we may be required to withhold a portion of capital gain distributions from our shares from shareholders who fail to certify their non-foreign status. See "Taxation of Non-U.S. Shareholders."

Taxation of Tax-Exempt Shareholders

The IRS has ruled that amounts distributed as dividends by a qualified REIT do not constitute U.S. business taxable income ("UBTI") when received by a tax-exempt entity. Based on that ruling, a tax-exempt shareholder (except tax-exempt shareholders described below) has not held its shares in a "disposition of property" within the meaning of the Code (generally, shares of common stock, the acquisition of which was financed through a borrowing by the tax exempt shareholder) and the shares are not otherwise U.S. business, dividend income from us will not be UBTI to a tax-exempt shareholder. Similarly, income from the sale of shares will not constitute UBTI unless a tax-exempt shareholder has held its shares in a "disposition of property" within the meaning of the Code or has used the shares in its trade or business.

For tax-exempt shareholders which are social clubs, voluntary employee benefit organizations, supplemental unemployment benefit trusts, and qualified group legal services plans exempt from federal income taxation under Code Section 501(c)(7), (c)(9), (c)(17) and (c)(20), respectively, income from our shares will constitute UBTI unless the organization is able to properly deduct amounts set aside for certain purposes so as to offset the income generated by its investment in our shares. Prospective investors should consult their own tax advisors concerning these "set aside" and reserve amounts.

Notwithstanding the above, however, a portion of the dividends paid by a "pension fund" will be treated as UBTI as to any trust which:

- o is described in Section 401(a) of the Code;
- o is tax-exempt under Section 501(a) of the Code; and
- o holds more than 10% (by value) of the interests in the REIT.

Tax-exempt pension funds that are described in Section 401(a) of the Code are referred to below as "pension funds."

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trusts."

A REIT is a "pension held REIT" if:

- o it would not have qualified as a REIT but for the fact that Section 856(h)(3) of that stock owned by qualified trusts shall be treated, for purposes of the "not closely held" requirement, as owned by the beneficiaries of the trust (rather than by the trust);
- o either at least one such qualified trust holds more than 25% (by value) of the REIT, or one or more such qualified trusts, each of which owns more than 10% of the REIT, holds in the aggregate more than 50% (by value) of the REIT.

The percentage of any REIT dividend treated as UBTI is equal to the ratio of:

- o the UBTI earned by the REIT (treating the REIT as if it were a qualified trust) subject to tax on UBTI) to
- o the total gross income of the REIT.

A de minimis exception applies where the percentage is less than 5% for any year. The requirement requiring qualified trusts to treat a portion of REIT distributions as UBTI will not apply if the trust satisfies the "not closely held" requirement without relying upon the "look-through" exception for qualified trusts.

Taxation of Non-U.S. Shareholders

When we use the term "Non-U.S. Shareholder," we mean a holder of shares of common stock (for United States Federal income tax purposes):

- o is a nonresident alien individual; or
- o is a foreign corporation, foreign partnership or trust.

The rules governing United States Federal income taxation of Non-U.S. Shareholders are complex and we are providing only a brief summary of these rules. This summary does not address all aspects of United States Federal income tax and does not address state, local or foreign tax consequences that may apply to a Non-U.S. Shareholder in light of its particular circumstances. In addition, this discussion is based on current law, which is subject to change, and assumes that we qualify for taxation as a REIT. If you are a Non-U.S. Shareholder, you should consult with your own tax advisers to determine the impact of United States local and foreign income tax laws on an investment in our common stock, including any reporting requirements.

Distributions.

A distribution to a Non-U.S. Shareholder will be treated as a dividend of ordinary income if the distribution is made out of our current or accumulated earnings and profits as long as the following conditions are met:

- o the distribution is not attributable to gain from the sale or exchange of property interests; and
- o we have not designated the distribution as a capital gains dividend.

Distributions treated as a dividend of ordinary income will generally be subject to United States Federal income tax on a gross income basis (that is, without allowance of deductions) unless an applicable tax treaty reduces that rate. However, distributions treated as a dividend of ordinary income will be subject to a Federal income tax on a net basis (that is, after allowance of deductions) if the dividend is treated as effectively connected with the Non-U.S. Shareholder's conduct of a United States business and the Non-U.S. Shareholder has filed an IRS Form 4224 with us or, if an income tax treaty applies, the dividend is attributable to a United States permanent establishment of the Non-U.S. Shareholder. In this case, certain certification and disclosure requirements are met, the dividend will be taxed at graduated rates in the same manner as U.S. Shareholders are taxed with respect to such dividends and will generally not be subject to withholding. Any such dividends received by a Non-U.S. Shareholder that is a corporation may

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an additional branch profits tax at a 30% rate or such lower rate as may be specified by an applicable treaty (the "Branch Profits Tax").

Under current Treasury regulations, dividends paid to an address in a country outside the United States are generally presumed to be paid to a resident of the country for purposes of determining the applicable withholding rate and the applicability of a tax treaty rate. A Non-U.S. Shareholder claiming the benefit of an applicable treaty rate will be required to satisfy certain certification requirements. Under certain treaties, lower withholding rates generally applicable to dividends are also applicable to dividends from a REIT.

If we make a distribution in excess of our current or accumulated earnings and profits, such distribution will not be taxable to a Non-U.S. Shareholder to the extent it does not exceed the adjusted basis of the shareholder's stock. Instead, the distribution will reduce the adjusted basis of the shareholder's stock. If the distribution does exceed the adjusted basis of a Non-U.S. Shareholder's stock, the distribution will be treated as a capital gain from the sale or exchange of the Non-U.S. Shareholder's stock. We discuss the tax treatment of such distributions in further detail below. For withholding purposes, we are required to treat all distributions in excess of our current or accumulated earnings and profits. However, the IRS will generally refund any tax withheld if it is determined that the distribution was, in fact, in excess of our current or accumulated earnings and profits.

A distribution to a Non-U.S. Shareholder that we properly designate as a capital gain dividend at the time of distribution that does not arise from our disposition of a United States real property interest will not be subject to United States Federal income taxation unless any of the following are true:

- o investment in the stock is effectively connected with the Non-U.S. Shareholder's trade or business, in which case the Non-U.S. Shareholder will be taxed on the gain at the applicable rate (except that a shareholder that is a foreign corporation may be taxed at the 30% Branch Profits Tax, as discussed above); or
- o the Non-U.S. Shareholder is a nonresident alien individual who is present in the United States for 183 days or more during the taxable year and has a "tax home" in the United States. In such case, the non-resident alien individual will be taxed at a rate equal to 30% of the individual's net capital gains.

Pursuant to the Foreign Investment in Real Property Tax Act of 1980 ("FIRPTA"), distributions to a Non-U.S. Shareholder that are attributable to gain from our sale or exchange of United States real property interests will cause the Non-U.S. Shareholder to be treated as recognizing this gain as if it were effectively connected with a United States trade or business. Non-U.S. Shareholders would generally be taxed at the same rates as U.S. Shareholders (subject to a special alternative minimum tax in the case of individuals) on these distributions. Also, a Non-U.S. Shareholder that is a corporation may be subject to Branch Profits Tax on this distribution as discussed above. We are required to withhold tax on this distribution. This amount is creditable against the Non-U.S. Shareholder's United States Federal income tax liability.

Treasury Regulations require a corporation that is a REIT to treat a dividend distribution that is not designated as a capital gain dividend or return of basis and apply the FIRPTA tax (subject to any applicable deduction or exemption) to such portion, and to apply the FIRPTA tax (discussed above) with respect to the portion of the distribution designated by the REIT as capital gain dividend.

We or any nominee (e.g., a broker holding shares in street name) may rely on the non-foreign status on Form W-8 or Form W-9 to determine whether withholding is required on the disposition of United States real property interests. A domestic person who holds shares on behalf of a Non-U.S. Shareholder will bear the burden of withholding, provided that we have properly designated the appropriate portion of a distribution as a capital gain dividend.

Sale of Stock.

Unless our common stock constitutes a "United States real property interest" within the meaning of FIRPTA, a sale or exchange of common stock by a Non-U.S. Shareholder generally will not be subject to United States Federal income taxation. Our stock will not constitute a "United States real property interest" if we are not a "domestically controlled REIT." A "domestically controlled REIT" is a REIT in which at all times during the specified testing period Non-U.S. Shareholders held, directly or indirectly, less than 50% in value of the total value of the REIT's common stock.

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shares.

If we are not or cease to be a "domestically-controlled REIT," a Non-U.S. Shareholder's sale of shares of common stock would be subject to United States taxation under FIRPTA as a sale of real property interest," assuming our common stock is regularly traded (as defined by applicable Regulations) on an established securities market (e.g., the New York Stock Exchange), only if (actually or constructively) more than 5% of our common stock during the applicable testing period. If the sale or exchange of shares of stock were subject to taxation under FIRPTA, the Non-U.S. Shareholder would be subject to the same United States Federal income tax treatment with respect to the gain as a U.S. Shareholder (subject to any applicable alternative minimum tax, a special alternate minimum tax, in the case of alien individuals and the possible application of the 30% Branch Profits Tax in the case of corporations), and the purchaser of the stock would be required to withhold and remit to the IRS the purchase price.

Notwithstanding the foregoing, if you are a Non-U.S. Shareholder and you recognize gain on the exchange of shares of our common stock and the gain is not subject to FIRPTA, the gain will be subject to United States taxation if:

- o your investment in the stock is effectively connected with a United States trade or business, and, if an income treaty applies, is attributable to a United States permanent establishment;
- o you are a nonresident alien individual who is present in the United States for 183 days or more during the taxable year and you have a "tax home" in the United States. In this case, you will be subject to a 30% United States withholding tax on the amount of your gain.

Backup Withholding Tax and Information Reporting.

Backup withholding tax generally is a withholding tax imposed on certain payments to non-U.S. Shareholders to furnish certain information under the United States information reporting requirements, under "Backup Withholding." Non-U.S. Shareholders will not be subject to backup withholding tax on distributions they receive that are treated as:

- o dividends subject to the 30% (or lower treaty rate) withholding tax discussed above;
- o capital gains dividends; or distributions attributable to gain from our sale or exchange of United States real property interests.

As a general matter, backup withholding and information reporting will not apply to the proceeds of a sale of stock by or through a foreign office of a foreign broker. Information reporting (and backup withholding) will apply, however, to a payment of the proceeds of a sale of stock by a foreign broker that:

- o is a United States person;
- o derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States; or
- o is a "controlled foreign corporation" (generally, a foreign corporation controlled by U.S. Shareholders) for United States tax purposes.

Information reporting will not apply if the broker has documentary evidence in its possession that the shareholder is a Non-U.S. Shareholder and certain other conditions are met, or the shareholder obtains an exemption. Payment to or through a United States office of a broker of the proceeds of a sale of stock is not subject to both backup withholding and information reporting unless the shareholder certifies to the broker that the shareholder is a Non-U.S. Shareholder, or otherwise establishes an exemption. A Non-U.S. Shareholder may obtain a refund of any amounts withheld under the backup withholding rule by filing an appropriate claim for refund with the IRS.

Tax Aspects of TRG

The following discussion summarizes certain Federal income tax considerations applicable to TRG.

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investment in TRG. The discussion does not cover state or local tax laws or any Federal tax income tax laws.

Classification.

The Company is entitled to include in its income its distributive share of TRG's income and its distributive share of TRG's losses only if TRG and each Center Owner is classified for Federal income tax purposes as a partnership rather than as an association taxable as a corporation, and none of them is classified for Federal income tax purposes as associations taxable as corporations.

An entity will be classified as a partnership rather than as a corporation or an association taxable as a corporation for Federal income tax purposes if the entity is treated as a partnership under the Regulations, effective January 1, 1997, relating to entity classification (the "Check-the-Box Regulations").

In general, under the Check-the-Box Regulations, an unincorporated entity with at least one electing member elect to be classified either as an association taxable as a corporation or as a partnership. If the entity fails to make an election, it generally will be treated as a partnership for Federal income tax purposes. The Federal income tax classification of an entity that was in existence prior to January 1, 1997, and the Center Owners, will be respected for all periods prior to January 1, 1997 if:

- o the entity had a reasonable basis for its claimed classification
- o the entity and all members of the entity recognized the Federal income tax consequences of any changes in the entity's classification within the 60 months prior to January 1, 1997
- o neither the entity nor any member of the entity was notified in writing by a taxing authority before May 8, 1996 that the classification of the entity was under examination.

TRG and each Center Owner reasonably claimed partnership classification under the Treasury Regulations relating to entity classification in effect prior to January 1, 1997, and such classification should be respected for Federal income tax purposes. TRG and the Center Owners intend to continue to be classified as partnerships for Federal income tax purposes, and none of them will elect to be treated as an association taxable as a corporation under the Check-the-Box Regulations.

We also believe that none of the TRG Trusts are taxable as a corporation for Federal income tax purposes. No assurance can be given, however, that the IRS will not challenge the non-corporate status of the TRG Trusts for Federal income tax purposes. If such challenge were sustained by a court, the TRG Trusts would be treated as a corporation for Federal income tax purposes, as described below. In addition, on existing law, which is to a great extent the result of administrative and judicial interpretation, we cannot be certain that administrative or judicial changes would not modify these conclusions.

If for any reason, any TRG Trust were taxable as a corporation rather than as a trust for Federal income tax purposes, we would be unable to satisfy the income and asset requirements for REIT status under the "Income Tax Considerations -- Requirements for Qualification -- Income Tests" and "Federal Income Tax Considerations -- Requirements for Qualification -- Asset Tests." In addition, any change in the classification of a TRG Trust for tax purposes might be treated as a taxable event, in which case we might incur a tax liability on any related cash distribution. If a TRG Trust were taxable as a corporation, items of income and loss would not pass through to its beneficiary, which would be treated as a shareholder for tax purposes. The TRG Trust would be required to pay income tax at corporate tax rates on its net income, and distributions to the TRG Trust would be dividends that would not be deductible in computing such TRG Trust's taxable income.

Income Taxation of TRG and Its Partners

Partners, Not TRG, Subject to Tax.

A partnership is not a taxable entity for Federal income tax purposes. Rather, we will take into account our allocable share of TRG's income, gains, losses, deductions, and credits for a taxable year ending within or with our taxable year regardless of whether we have received or not received a distribution from TRG.

Tax Allocations with Respect to Contributed Properties.

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Pursuant to Section 704(c) of the Code, income, gain, loss, and deduction, includable attributable to appreciated or depreciated property that is contributed to a partnership interest in the partnership must be allocated for Federal income tax purposes in a manner that a contributor is charged with, or benefits from, the unrealized gain or unrealized loss as to such property at the time of the contribution. The amount of such unrealized gain or unrealized loss shall be equal to the difference between the fair market value of the contributed property at the time of the contribution and the adjusted tax basis of such property at the time of contribution. TRG's partnership allocations of income, gain, loss, and deduction attributable to such contributed property to be made in a manner that is consistent with Section 704(c) of the Code. Any income, gain, loss, or deduction specially allocated to the contributing partners pursuant to Section 704(c) of the Code is to be allocated to the partners in accordance with their percentage interests.

Accordingly, depreciation on any property contributed to TRG is allocated to each contributor in a manner designed to reduce the difference between such property's fair market value and its tax basis in a manner that is consistent with statutory intent and Treasury Regulations under the Code. On the other hand, depreciation with respect to any property purchased by TRG after our admission of the Company in late 1992 will be allocated among the partners in accordance with their percentage interests in TRG.

Sale of TRG's Property

Generally, any gain realized by TRG on the sale of property held by TRG or a Center Owner for one year will be long-term capital gain, except for any portion of such gain that is treated as ordinary income or cost recovery recapture. Under Section 704(c) of the Code and the Treasury Regulations governing the allocation of TRG assets and the restatement of its capital accounts to fair market value, any built-in gain or appreciation in the regional shopping center interests prior to the admission of the Company to TRG must, when recognized, be allocated to the contributing partners. Thus, we will not recognize Built-in-Gains because (except as noted in the following sentence) they must be allocated to the contributors other than us. In addition, any Built-in-Gain with respect to properties contributed to TRG prior to our admission to TRG must be allocated to the contributing partners. As a consequence of our 1% ownership interests in two of the Taubman Shopping Centers, we will be allocated an equivalent portion of any gain in the event of a disposition of either property. Further, depreciation will be allocated to the contributors in a manner that eliminates the disparity between fair market value and tax basis with respect to appreciated property contributed to TRG otherwise held by TRG prior to our admission to TRG. Such allocations will permit us to deduct depreciation deductions because we have, except as noted above, contributed solely unappreciated

Our share of any gain realized by TRG on the sale of any property held by TRG or a Center Owner, whether inventory or other property held primarily for sale to customers in the ordinary course of the Owner's trade or business will, however, be treated as income from a prohibited transaction that is subject to the 100% penalty tax. See "Federal Income Tax Considerations -- Taxation of the Company -- Income Tax Consequences of a Prohibited Transaction" above. Income from a prohibited transaction will also adversely affect our ability to satisfy the income tax requirements for REIT status. See "Federal Income Tax Considerations -- Requirements For Qualification -- Income Tax Consequences of a Prohibited Transaction" above. Under existing law, whether property is held as inventory or primarily for sale to customers in the ordinary course of TRG's or a Center Owner's trade or business is a question of fact that depends on all the facts and circumstances with respect to the particular transaction. TRG and the Center Owners intend to hold the interests in the Shopping Centers for investment with a view to long-term appreciation, and to engage in the business of developing, owning, and operating the Taubman Shopping Centers, including peripheral land, in a manner consistent with the Center Owners' investment objectives. Sales of peripheral property generally will be allocated to the contributors in a manner that eliminates the disparity between fair market value and tax basis with respect to appreciated property contributed to TRG otherwise held by TRG prior to our admission to TRG. Such allocations will permit us to deduct depreciation deductions because we have, except as noted above, contributed solely unappreciated

Other Tax Consequences

We may be subject to state or local taxation in various state or local jurisdictions, in which we transact business and our shareholders may be subject to state or local taxation in various state or local jurisdictions, including those in which they reside. Our state and local tax treatment of our income and the Federal income tax consequences discussed above. In addition, your state and local tax treatment of our income may conform to the Federal income tax consequences discussed above. Consequently, you should consult your tax advisors regarding the effect of state and local tax laws on a disposition of limited partnership interest in our shares.

ERISA CONSIDERATIONS

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The following is a summary of material considerations arising under the Employee Security Act of 1974, as amended ("ERISA"), and the prohibited transaction provisions of Section 404(a) of ERISA that may be relevant to prospective investors. This discussion does not purport to deal with ERISA or the Code that may be relevant to particular investors in light of their particular circumstances.

A PROSPECTIVE INVESTOR THAT IS AN EMPLOYEE BENEFIT PLAN SUBJECT TO ERISA, A TAX QUALIFIED PENSION PLAN, AN IRA OR A GOVERNMENTAL, CHURCH OR OTHER PLAN THAT IS EXEMPT FROM ERISA IS ADVISED TO CONSULT WITH A LEGAL ADVISOR REGARDING THE SPECIFIC CONSIDERATIONS ARISING UNDER APPLICABLE PROVISIONS OF ERISA AND STATE LAW WITH RESPECT TO THE PURCHASE, OWNERSHIP, OR SALE OF THE COMMON STOCK BY SUCH PLAN OR IR

Fiduciary Duties and Prohibited Transactions

A fiduciary of a pension, profit-sharing, retirement, or other employee benefit plan (an "ERISA Plan") should consider the fiduciary standards under ERISA in the context of the particular circumstances before authorizing an investment of any portion of the ERISA Plan's assets in the Company's common stock. In particular, such fiduciary should consider whether:

- o the investment satisfies the diversification requirements of Section 404(a)(1)(C) of ERISA;
- o the investment is in accordance with the documents and instruments governing the investment required by Section 404(a)(1)(D) of ERISA;
- o the investment is prudent under Section 404(a)(1)(B) of ERISA; and
- o the investment is solely in the interests of the ERISA Plan participants and beneficiaries for the exclusive purpose of providing benefits to the ERISA Plan participants and beneficiaries and defraying reasonable administrative expenses of the ERISA Plan as required by Section 404(a)(1)(E) of ERISA.

In addition to the imposition of fiduciary standards, ERISA and Section 4975 of the Code prohibit a wide range of transactions between an ERISA Plan, an IRA or certain other plans (collectively, a "self-dealing plan") and the Plan's fiduciaries who have certain specified relationships to the Plan ("parties in interest" within the meaning of the Code) or "disqualified persons" within the meaning of the Code). Thus, a Plan fiduciary or person making a decision for a Plan also should consider whether the acquisition or the continued holding of the Company's common stock might constitute or give rise to a direct or indirect prohibited transaction.

Plan Assets

The prohibited transaction rules of ERISA and the Code apply to transactions with the Company's common stock and transactions with the "plan assets" of a Plan. The "plan assets" of a Plan include the Plan's investments in the Company and the entity in which the Plan invests and, in certain circumstances, the assets of the entity in which the Plan has such interest. The term "plan assets" is not specifically defined in ERISA or the Code but has been interpreted definitively by the courts in litigation. On November 13, 1986, the United States Department of Labor, the governmental agency primarily responsible for administering ERISA, adopted a final regulation ("DOL Regulation") establishing the standards it will apply in determining whether an equity investment by a Plan will cause the assets of such entity to constitute "plan assets." The DOL Regulation applies to both ERISA and Section 4975 of the Code.

Under the DOL Regulation, if a Plan acquires an equity interest in an entity, which is not a "publicly-offered security," the Plan's assets generally would include both the equity interest and the undivided interest in each of the entity's underlying assets unless certain specified exceptions apply. The DOL Regulation defines a publicly-offered security as a security that is "widely held," "freely tradable," and either part of a class of securities registered under Section 12(b) or 12(g) of the Exchange Act or exempt from registration to an effective registration statement under the Securities Act (provided the securities are registered under the Exchange Act within 120 days after the end of the fiscal year of the issuer during which the offering was made). The shares of the Company's common stock offered by this Prospectus are being sold in an offering that is not a "publicly-offered security" under the Securities Act and are registered under Section 12(b) of the Exchange Act.

The DOL Regulation provides that a security is "widely held" only if it is part of a class of securities that is owned by 100 or more investors independent of the issuer and of one another. A class of securities will not fail to be "widely held," however, solely because the number of independent investors is less than 100 subsequent to the initial public offering as a result of events beyond the issuer's control. Where

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Company's common stock is "widely held" for purposes of the DOL Regulation.

The DOL Regulation provides that whether a security is "freely transferable" is a fact determined on the basis of all the relevant facts and circumstances. The DOL Regulation furth when a security is part of an offering in which the minimum investment is \$10,000 or less, a this offering, certain restrictions ordinarily will not affect, alone or in combination, the securities are freely transferable. We believe that the restrictions imposed under the Article of the Company's common stock (see "Transfer Restrictions, Restrictions on Ownership) are limit on transfer generally permitted under the DOL Regulation and are not likely to result in t common stock to be "freely transferable." The DOL Regulation only establishes a presumpt finding of free transferability; therefore, we can not be certain that the Department of Labo Department would not reach a contrary conclusion with respect to the Common Stock. If any ad restrictions are imposed on the transfer of the Company's shares of common stock being so Shareholders, such restrictions will be discussed in the applicable Prospectus Supplement.

We believe that the Company's common stock is considered "widely held" and "freely t based on such beliefs, that the common stock will be publicly-offered securities for pu Regulation and that the Company's assets will not be deemed to be "plan assets" of any Plan t common stock.

PLAN OF DISTRIBUTION

The Selling Shareholders may offer and sell the common stock at prevailing market pric negotiated transactions. The Selling Shareholders will be responsible for any commissions o brokers or dealers. The amount of those commissions or discounts will be negotiated before t or dealers participating in any sale of common stock offered by the Selling Shareholders principals or agents, may use block trades to position and resell the shares and may be deem under the Securities Act.

LEGAL MATTERS

The legality of the issuance of the shares of our common stock, as well as certain t been passed upon for Taubman Centers, Inc. by Miro Weiner & Kramer (f/k/a Miro Miro & Weiner) Avenue, Suite 100, P.O. Box 908, Bloomfield Hills, Michigan 48304-0908. Jeffrey H. Miro, a sen Weiner & Kramer, is Secretary of the Company.

10,000,000 Shares
Taubman Centers, Inc.
Common Stock

You should rely only on the information contained in this prospectus and in the docu referred you to. We have not authorized anyone to provide you with information different from this prospectus. You should not assume that the information contained in this prospectus is c after the date on the prospectus, even though this prospectus is delivered or shares are sold prospectus on a later date.

This prospectus is not an offer to sell or a solicitation of an offer to buy any secur shares of common stock offered. This prospectus is not an offer to sell or a solicitation to any person in any jurisdiction in which it is unlawful to make such an offer or solicitation.

November 29, 2001

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14.

Other Expenses of Issuance and Distribution.1

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The Registrant has purchased a policy of directors' and officers' insurance that Registrant and its officers and directors against expenses and liabilities of the type normally under such policies, including the expenses of the indemnification described above.

Item 16. Exhibits

Exhibit Number

- 4 (a) - Amended and Restated Articles of Incorporation (incorporated by reference Registrant's Quarterly Report on Form 10-Q for the fiscal year ended June
- 4 (b) - Amended and Restated Bylaws (incorporated by reference to Exhibit 3 Quarterly Report on Form 10-Q for the quarter ended September 30, 1998.)
- 5 - Opinion of Miro Weiner & Kramer (f/k/a Miro Miro & Weiner), counsel to R the validity of the shares and certain tax matters.
- 23 (a) - Consent of Deloitte & Touche.
- 23 (b) - Consent of Miro Weiner & Kramer (f/k/a Miro Miro & Weiner) (included in Ex
- 24 - Powers of Attorney

Item 17. Undertakings.

- (a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, amendment to this registration statement:

(A) To include any prospectus required by Section 10(a)(3) of of 1933 (the "Securities Act"):

(B) To reflect in the prospectus any facts or events arising a date of the registration statement (or the most recent post-effective amendment individually or in the aggregate, represent a fundamental change in the in registration statement. Notwithstanding the foregoing, any increase or decrea securities offered (if the total dollar value of securities offered would not exc registered) and any deviation from the low or high end of the estimated maximum off reflected in the form of prospectus filed with the Securities and Exchange Commi pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price repres 20 percent change in the maximum aggregate offering price set forth in the Registration Fee" table in the effective registration statement.

(C) To include any material information with respect to the pla not previously disclosed in the registration statement or any material change to su the registration statement; provided, however, that the information required to post-effective amendment by paragraphs (a)(1)(A) and (a)(1)(B) above may be con reports filed by the registrant pursuant to Section 13 or 15(d) of the Securities Exc as amended (the "Exchange Act"), that are incorporated by reference in the registration

(2) that, for the purpose of determining any liability under the Secur each such post-effective amendment shall be deemed to be a new registration stateme securities offered herein, and the offering of such securities at that time shall b initial bona fide offering thereof; and

(3) to remove from registration by means of a post-effective amend securities being registered that remain unsold at the termination of the offering.

- (b) The undersigned registrant hereby undertakes, that, for purposes of determi

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under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(b) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be provided to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, the registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event of any proceeding for indemnification against such liabilities (other than the payment by the registrant of expenses incurred by a director, officer or controlling person of the registrant in the successful defense of any such proceeding) is asserted by such director, officer or controlling person in connection with the securities, the registrant will, unless in the opinion of its counsel the matter has been settled by agreement in precedent, submit to a court of appropriate jurisdiction the question whether such indemnification is against public policy as expressed in the Securities Act and will be governed by the final adjudication of that issue.