

CEDAR SHOPPING CENTERS INC
Form DEF 14A
April 26, 2010

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934
[(Amendment No. ____)]

Filed by the Registrant
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Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only
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- Definitive Proxy Statement
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CEDAR SHOPPING CENTERS, INC.
(Name of Registrant as Specified in Its Charter)

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

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- No fee required
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- (3) Filing Party:
(4) Date Filed:

CEDAR SHOPPING CENTERS, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD JUNE 15, 2010

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Cedar Shopping Centers, Inc. (the "Company") will be held at the offices of Stroock & Stroock & Lavan LLP, 180 Maiden Lane, 34th Floor, New York, NY 10038, on Tuesday, June 15, 2010 at 2:30 in the afternoon for the following purposes:

1. To elect seven directors.
2. To authorize the future sale from time to time of shares of common stock of the Company to RioCan Real Estate Investment Trust.
3. To approve the appointment of Ernst & Young LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2010.
4. To transact such other business as may properly come before the meeting, or any adjournment thereof.

Stockholders of record at the close of business on April 23, 2010, shall be entitled to notice of, and to vote at, the meeting.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE SHAREHOLDER MEETING TO BE HELD ON JUNE 15, 2010.
THE PROXY STATEMENT AND OUR 2009 ANNUAL REPORT ARE AVAILABLE AT
[HTTP://WWW.CEDARSHOPPINGCENTERS.COM](http://www.cedarshoppingcenters.com).

By order of the Board of Directors
Leo S. Ullman
Chairman of the Board

Dated: April 26, 2010
Port Washington, NY

IMPORTANT: PLEASE FILL IN, DATE, SIGN AND MAIL PROMPTLY THE ENCLOSED PROXY IN THE POSTAGE-PAID ENVELOPE PROVIDED TO ENSURE THAT YOUR SHARES ARE REPRESENTED AT THE MEETING.

CEDAR SHOPPING CENTERS, INC.

44 SOUTH BAYLES AVENUE

PORT WASHINGTON, NEW YORK 11050

PROXY STATEMENT

The accompanying Proxy is solicited by the Board of Directors of Cedar Shopping Centers, Inc., a Maryland corporation (the "Company"), for use at the Annual Meeting of Stockholders to be held on June 15, 2010, at 2:30 in the afternoon, or any adjournment thereof, at which stockholders of record at the close of business on April 23, 2010 shall be entitled to vote. The cost of solicitation of proxies will be borne by the Company. The Company has retained The Altman Group, Inc. to assist in the solicitation of proxies for a fee of \$12,000, plus out-of-pocket expenses. The Company may use the services of its directors, officers, employees and others to solicit proxies, personally or by telephone; arrangements may also be made with brokerage houses and other custodians, nominees, fiduciaries and stockholders of record to forward solicitation material to the beneficial owners of stock held of record by such persons. The Company may reimburse such solicitors for reasonable out-of-pocket expenses incurred by them in soliciting, but no compensation will be paid for their services.

Each proxy executed and returned by a stockholder may be revoked at any time before it is voted by timely submission of written notice of revocation or by submission of a duly executed proxy bearing a later date (in either case directed to the Secretary of the Company) or, if a stockholder is present at the meeting, he may elect to revoke his proxy and vote his shares personally.

The Company's Annual Report to Stockholders for the fiscal year ended December 31, 2009 is being mailed herewith to each stockholder of record. It is intended that this Proxy Statement and form of Proxy will first be sent or given to stockholders on or about April 26, 2010. The Company's website address is www.cedarshoppingcenters.com.

On April 23, 2010, the Company had outstanding and entitled to vote with respect to all matters to be acted upon at the meeting, 63,067,542 shares of common stock. Each holder of common stock is entitled to one vote for each share of stock held by such holder. The presence of holders representing a majority of all the votes entitled to be cast at the meeting will constitute a quorum at the meeting. In accordance with Maryland law, abstentions, but not broker non-votes, are counted for purposes of determining the presence or absence of a quorum for the transaction of business. Each item on the agenda must receive the affirmative vote of a majority of the shares of common stock voted at the meeting in order to pass. Abstentions and broker non-votes are not counted in determining the votes cast with respect to any of the matters submitted to a vote of stockholders.

Broker Discretionary Voting

Effective in 2010, the discretionary ability of brokers to vote your shares has been changed. As the result, brokers no longer have discretionary authority to vote with respect to the election of directors. If your shares are held by a broker, the broker will ask you how you want to vote your shares. If you provide the broker with instructions, your shares will be voted in accordance with your instructions. If you do not give any instruction on any of the proposals, then with respect to the election of directors and the vote on proposal 2, your shares will not be voted. Therefore, it is important that you give instructions to your broker as to how to vote your shares.

It is expected that the following business will be considered at the meeting and action taken thereon:

1. ELECTION OF DIRECTORS

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Pursuant to the Certificate of Incorporation and Bylaws, as amended, the director nominees elected at this meeting will be elected to serve one-year terms that expire upon the date of the next annual meeting or until their respective successors are duly elected and qualified.

It is intended that the accompanying form of Proxy will be voted for the nominees set forth below, each of whom is presently a director of the Company. If some unexpected occurrence should make necessary, in the Board of Directors' judgment, the substitution of some other person or persons for these nominees, shares will be voted for such other persons as the Board of Directors may select.

The Board of Directors is not aware that any nominee may be unable or unwilling to serve as a director. The following table sets forth certain information with respect to the nominees.

NOMINEES FOR ELECTION

Name	Age	Principal Occupation and Positions Held	Served as a Director Since
James J. Burns	70	Mr. Burns, a director since 2001 and a member of the Audit (Chair), Compensation and Nominating/Corporate Governance Committees, was chief financial officer and senior vice president of Reis, Inc. (formerly Wellsford Real Properties, Inc.) from December 2000 until March 2006, and vice chairman from April 2006 until March 2009, when he entered into a consulting role at that company. He joined Reis in October 1999 as chief accounting officer upon his retirement from Ernst & Young LLP in September 1999. At Ernst & Young LLP, Mr. Burns was a senior audit partner in the E&Y Kenneth Leventhal Real Estate Group for 22 years. Since 2000, Mr. Burns has also served as a director of One Liberty Properties, Inc., a real estate investment trust listed on the New York Stock Exchange. Mr. Burns is a certified public accountant and a member of the American Institute of Certified Public Accountants. Mr. Burns received a B.A. and M.B.A. from Baruch College of the City University of New York.	2001
Raghunath Davloor	48	Mr. Davloor, a director since October 2009, has been, from February 2008 to present, Senior Vice President and Chief Financial Officer of RioCan Real Estate Investment Trust, Canada's largest real estate investment trust. RioCan, headquartered in Toronto, Ontario, is involved in the ownership, development, management, leasing, acquisition and redevelopment of retail properties across Canada. RioCan, through a subsidiary, owns an investment in the Company and is a partner with the Company in several joint venture properties in the U.S. From January 2006 until February 2008, Mr. Davloor was Vice President and Director of Investment Banking at TD Securities, covering the real estate sector. For ten years prior thereto, he was with O&Y Properties Corporation and O&Y REIT in a number of	2009

progressive positions, ultimately becoming Chief Financial Officer. Prior to joining O&Y, Mr. Davloor was a Senior Tax Manager at Arthur Andersen in the real estate advisory services group, specializing in real estate and international taxation. He is a chartered accountant and a member of the Institute of Chartered Accountants of Ontario. Mr. Davloor holds a Bachelor of Commerce degree from the University of Manitoba.

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|-------------------|----|--|------|
| Richard Homburg | 61 | <p>Mr. Homburg, a director since 1999, and chairman from November 1999 to August 2000, was born and educated in the Netherlands. Mr. Homburg is chairman and CEO of Homburg Invest Inc. and president of Homburg Invest USA Inc. (a wholly-owned subsidiary of Homburg Invest Inc., a publicly-traded Canadian corporation listed on the Toronto and Euronext Amsterdam Stock Exchanges). Mr. Homburg was the president and CEO of Uni-Invest N.V., a publicly-listed Netherlands real estate fund, from 1991 until 2000. In 2002, an investment group purchased 100% of the shares of Uni-Invest N.V., taking it private, at which time it was one of the largest real estate funds in the Netherlands with assets of approximately \$2.5 billion. In addition to his varied business interests, Mr. Homburg has served on many boards. He is a past director of Evangeline Trust, the Urban Development Institute of Canada, and the World Trade Center in Eindhoven, the Netherlands, and was co-founder, past president and director of the Investment Property Owners Association of Nova Scotia. He is a director of the Fathers of Confederation Building Trust as well as director or advisory board member of other large charitable organizations. In 2004 he was named Entrepreneur of the Year for the Atlantic Provinces by Ernst & Young LLP. Mr. Homburg holds an honorary Doctorate in Commerce from St. Mary's University in Halifax, Nova Scotia and an honorary Doctorate in Law from the University of Prince Edward Island.</p> | 2002 |
| Pamela N. Hootkin | 62 | <p>Ms. Hootkin, a director since June 2008 and a member of the Audit and Nominating/Corporate Governance Committees, has been senior vice president, treasurer and director of investor relations at Phillips-Van Heusen Corporation since June 2007. She joined Phillips-Van Heusen in 1988 as vice president, treasurer and corporate secretary and in 1999 became vice president, treasurer and director of investor relations. From 1986 to 1988, Ms. Hootkin was vice president and chief financial officer of Yves Saint Laurent Parfums, Inc. From 1975 to 1986, she was employed by Squibb Corporation in various capacities, with her last position being vice president and treasurer of a division of Squibb. Ms. Hootkin is a board member of Safe Horizon, New York (a not-for-profit organization) where she also serves on the executive and finance committees. Ms. Hootkin received a</p> | 2008 |

B.A. from the State University of New York at Binghamton and an M.A. from Boston University.

Everett B. Miller, III	64 Mr. Miller, a director since 1998 and a member of the Nominating/Corporate Governance (Chair), Audit and Compensation Committees, is vice president of alternative investments at the YMCA Retirement Fund. In March 2003, Mr. Miller was appointed to the Real Estate Advisory Committee of the New York State Common Retirement Fund. Prior to his retirement in May 2002 from Commonfund Realty, Inc., a registered investment advisor, Mr. Miller was the chief operating officer of that company from 1997 until May 2002. From January 1995 through March 1997, Mr. Miller was the Principal Investment Officer for Real Estate and Alternative Investment at the Office of the Treasurer of the State of Connecticut. Prior thereto, Mr. Miller was employed for eighteen years at affiliates of Travelers Realty Investment Co., at which his last position was senior vice president. Mr. Miller received a B.S. from Yale University.	1998
Leo S. Ullman	70 Mr. Ullman, chief executive officer, president and chairman of the board of directors, has been involved in real estate property and asset management for more than thirty years. He was chairman and president since 1978 of the real estate management companies, and their respective predecessors and affiliates, which were merged into the Company in 2003. Mr. Ullman was first elected as the Company's chairman in April 1998 and served until November 1999. He was re-elected in December 2000. Mr. Ullman also has been chief executive officer and president from April 1998 to date. He has been a member of the New York Bar since 1966 and was in private legal practice until 1998. From 1984 until 1993, he was a partner in the New York law firm of Reid & Priest, and served as initial director of its real estate group. He also served in the U.S. Marine Corps. He has lectured and written several books, monographs and articles on investment in U.S. real estate, and is a former adjunct professor of business at the NYU Graduate School of Business. He also serves on the boards of several charities, is a member of the Development Committee of the U.S. Holocaust Memorial Museum, and has received several awards for community service. Mr. Ullman is a past regional winner and former national judge of the Ernst & Young LLP Entrepreneur of the Year Award Program. Mr. Ullman received an A.B. from Harvard University, an M.B.A. from the Columbia University Graduate School of Business and a J.D. from the Columbia University School of Law where he was a Harlan Fiske Stone scholar.	1998
Roger M. Widmann	70 Mr. Widmann, a director since 2003 and a member of the Compensation (Chair) and Nominating/Corporate Governance	2003

Committees and the Lead Director (as among the independent directors), is an investment banker. He was a principal of the investment banking firm of Tanner & Co., Inc. from 1997 to 2004. From 1986 to 1995, Mr. Widmann was a senior managing director of Chemical Securities, Inc., a subsidiary of Chemical Banking Corporation (now JPMorgan Chase Corporation). Prior to joining Chemical Securities, Inc., Mr. Widmann was a founder and managing director of First Reserve Corporation, the largest independent energy investing firm in the U.S. Previously, he was senior vice president with the investment banking firm of Donaldson, Lufkin & Jenrette, responsible for the firm's domestic and international investment banking business. He had also been a vice president with New Court Securities (now Rothschild, Inc.). He was a director of Lydall, Inc. (listed on the New York Stock Exchange), a manufacturer of thermal, acoustical and filtration materials, from 1974 to 2004, and its chairman from 1998 to 2004. He is a director of Standard Motor Products, Inc. (listed on the New York Stock Exchange), a manufacturer of automobile replacement parts, and GigaBeam Corporation, a manufacturer of "last mile" wireless transmission systems. Mr. Widmann is Chairman of Keystone National Group, a fund of private equity funds. He is also a senior moderator of the Aspen Seminar at The Aspen Institute, and is a board member of the March of Dimes of Greater New York and Vice Chairman of Oxfam America. Mr. Widmann received an A.B. from Brown University and a J.D. from Columbia University.

CORPORATE GOVERNANCE PRINCIPLES

Independent Directors

Pursuant to rules of the New York Stock Exchange and applicable law, a majority of the Company's directors must be independent as specified therein. As a result, the Board undertook a review of the independence of the Company's directors. During this review, the Board considered transactions and relationships between each director or any member of his or her immediate family and the Company and its subsidiaries and affiliates, including those reported under "Transactions with Related Persons" below. The Board also examined transactions and relationships between directors or their affiliates and members of the Company's senior management or their affiliates. The purpose of this review was to determine whether any such relationship or transaction was inconsistent with a determination that the director is independent.

As the result of this review, the Board affirmatively determined that each of Messrs. Burns, Miller and Widmann and Ms. Hootkin is independent of the Company and its management. The Board determined that none of these independent directors had any material relationships with the Company. The directors who are not independent are Messrs. Ullman, Davloor and Homburg.

Corporate Governance Principles and Committee Charters

Our Board of Directors has adopted a comprehensive set of corporate governance principles to reflect its commitment to corporate governance and the role of such principles in building and sustaining stockholder value. These principles

are discussed more fully below and are set forth in our Code of Business Conduct and Ethics and the committee charters for our Audit Committee, Compensation Committee and Nominating/Corporate Governance Committee. These documents are available on our website at www.cedarshoppingcenters.com.

Code of Business Conduct and Ethics

All of our employees, including our chief executive officer, chief financial officer and chief accounting officer, and our directors are required to comply with our Code of Business Conduct and Ethics. Our Code is available on our website. It is our intention to disclose any amendments to, or waivers from, any provisions of this Code as it applies to our chief executive officer, chief financial officer and chief accounting officer on our website within three business days of such amendment or waiver.

Audit Committee

The Board of Directors has established an Audit Committee consisting of James J. Burns, Pamela N. Hootkin and Everett B. Miller, III. The charter of the Audit Committee is available on the Company's website. All the members of the Audit Committee are independent under the rules of the New York Stock Exchange and applicable law. Each of Mr. Burns and Ms. Hootkin is qualified as an audit committee financial expert within the meaning of applicable law and the Board has determined that each of them has accounting and related financial management expertise under the rules of the New York Stock Exchange. The functions of this committee include engaging and discharging of the independent registered public accounting firm, reviewing with the independent registered public accounting firm the plan and results of the auditing engagement, reviewing the independence of the independent registered public accounting firm and reviewing the range of audit and non-audit fees.

Compensation Committee

The Board of Directors has established a Compensation Committee consisting of James J. Burns, Everett B. Miller, III and Roger M. Widmann, all of whom are independent. This committee reviews and approves the compensation and benefits of executive officers and directors, administers and makes recommendations to the Board of Directors regarding executive and director compensation and stock incentive plans, and produces an annual report on executive compensation for inclusion in the proxy statement.

Nominating/Corporate Governance Committee

The Board of Directors has established a Nominating/Corporate Governance Committee consisting of James J. Burns, Everett B. Miller, III, Pamela N. Hootkin and Roger M. Widmann, all of whom are independent. This committee develops and recommends to the Board of Directors a set of corporate governance principles, adopts a code of ethics, adopts policies with respect to conflicts of interest, monitors compliance with corporate governance requirements of state and federal law and the rules and regulations of the New York Stock Exchange, establishes criteria for prospective members of the Board of Directors, conducts candidate searches and interviews, oversees and evaluates the Board of Directors and management, evaluates from time to time the appropriate size and composition of the Board of Directors and formally proposes the slate of directors to be elected at each Annual Meeting of Stockholders.

Nomination of Directors

The Nominating/Corporate Governance Committee is responsible for the selection and nomination of directors. The Committee has adopted a policy to consider nominees recommended by stockholders of the Company. Stockholders who wish to recommend a nominee should send nominations directly to the Nominating/Corporate Governance Committee, at the principal executive offices of the Company, that include all information relating to such person that is required to be disclosed in solicitations of proxies for the election of directors, including the nominee's name, business experience and consent to be nominated for membership on our Board of Directors and to serve if elected by

the stockholders. The recommendation must be received not later than the date for stockholder proposals set forth herein under “Other Matters—Stockholder Proposals.” We did not receive for this meeting any recommended nominees for director from any of our stockholders, other than from our directors. We do not currently pay any fees to third parties to identify or evaluate or assist in identifying or evaluating potential nominees for director. The Nominating/Corporate Governance Committee considers candidates for Board membership suggested by its members and other Board members, as well as management and stockholders.

Once the Nominating/Corporate Governance Committee has identified a prospective nominee, the Committee makes an initial determination as to whether to conduct a full evaluation of the candidate. This initial determination is based on whatever information is provided to the Committee with the recommendation of the prospective candidate, as well as the Committee’s own knowledge of the prospective candidate, which may be supplemented by inquiries to the person making the recommendation or others. The preliminary determination is based primarily on the need for additional Board members to fill vacancies or expand the size of the Board and the likelihood that the prospective nominee can satisfy the evaluation factors described below. If the Committee determines, in consultation with the Chairman of the Board and other Board members as appropriate, that additional consideration is warranted, it may request additional information about the prospective nominee’s background and experience and report its findings to the Board. The Committee then evaluates the prospective nominee against the standards and qualifications set out in the Company’s guidelines, including:

- the ability of the prospective nominee to represent the interests of the stockholders of the Company;
- the prospective nominee’s standards of integrity, commitment and independence of thought and judgment;
- the prospective nominee’s ability to dedicate sufficient time, energy and attention to the diligent performance of his or her duties, including the prospective nominee’s service on other public company boards and other professional experience to enhance the Board’s effectiveness;
- the extent to which the prospective nominee contributes to the range of talent, skill and expertise appropriate for the business of the Company; and
- the extent to which the prospective nominee provides the Board with diversity in experience and background.

The Committee also considers such other relevant factors as it deems appropriate, including the current composition of the Board, the balance of management and independent directors, the need for Audit Committee expertise and the evaluations of other prospective nominees. In connection with this evaluation, the Committee determines whether the person should be considered for a Board position, and one or more members of the Committee, and others as appropriate, interview prospective nominees in person or by telephone. After completing this evaluation and interview, the Committee makes a recommendation to the full Board as to the persons who should be nominated by the Board, and the Board determines the nominees after considering the recommendation and report of the Committee.

There would be no differences in the manner in which the Nominating/Corporate Governance Committee evaluates nominees for director based on whether the nominee is recommended by a stockholder or the Committee.

Qualification of Directors

The Company selects directors in compliance with the Company’s corporate governance guidelines and the charter of the Nominating/Corporate Governance Committee, using the standards and qualifications discussed under “Nomination of Directors.” The Company is also mindful that a majority of the directors must be independent. The existing directors were selected for a variety of reasons and to attempt to reflect the diverse business needs of the Company and diversity in experience and background. Mr. Burns’ qualifications for election to the Company’s Board include his extensive financial and accounting expertise, particularly with public companies in the real estate industry, including

real estate investment trusts. Mr. Burns qualifies as an audit committee financial expert and his experience and expertise make him ideal to serve as chairman of the Audit Committee. Mr. Davloor was elected as a director pursuant to an agreement with RioCan Real Estate Investment Trust, but he provides extensive knowledge in finance and accounting, with a focus on real estate investment trusts. Mr. Homburg has extensive experience in the real estate industry, including his involvement with public real estate companies. Ms. Hootkin brings to the Board expertise in finance, investor relations and the retail industry. She serves as a second financial expert on the Audit Committee, while also bringing gender diversity to the Board. Mr. Miller has been involved in commercial real estate since 1974, with extensive knowledge about the industry in which the Company operates. Mr. Ullman has been involved in real estate property and asset management for more than 30 years and has been chief executive officer and president of the Company since 1998. In such positions, he has obtained the most extensive knowledge about the Company, its operations and the retail shopping center industry. Investment banking expertise is provided to the Company by Mr. Widmann, who has spent most of his career in the investment banking world. His knowledge has assisted the Company in its capital raising and other finance related activities.

Board Meetings

In the fiscal year ended December 31, 2009, there were ten meetings of the Board of Directors, six meetings of the Audit Committee, seven meetings of the Compensation Committee and four meetings of the Nominating/Corporate Governance Committee. Each director of the Company attended in excess of 75% of the total number of meetings of the Board of Directors and committees on which he or she served. Board members are encouraged to attend our Annual Meeting of Stockholders. All of our directors, except one, attended our 2009 Annual Meeting.

Communications with the Board

The Nominating/Corporate Governance Committee of the Board approved a process for handling letters received by the Company and addressed to non-management members of the Board. Stockholders and other parties interested in communicating with any directors of the Company (or the Board as a group), may do so by writing to the Secretary of the Company, at the Company's principal executive offices. The Secretary will review all such correspondence and regularly forward to the Board a summary of all such correspondence and copies of all correspondence that, in the Secretary's opinion, deals with the functions of the Board or committees thereof or that he otherwise determines requires the Board's attention. The Board, or any member thereof, may at any time request that copies of all such correspondence be forwarded to the Board.

Correspondence relating to accounting, internal controls or auditing matters is handled by the Audit Committee in accordance with its procedures.

Leadership Structure of the Board

The non-management directors of our Board meet in executive session several times during the year, generally on the same day as regularly scheduled meetings of the Board of Directors or as considered necessary or appropriate. Roger M. Widmann has been chosen by the non-management directors to be the independent lead director and to preside at each such meeting to replace the prior lead director, Paul G. Kirk, Jr., who resigned as a director as the result of his appointment as a United States Senator for Massachusetts to the seat previously held by the late Senator Edward M. Kennedy.

The Company currently combines the role of Chairman of the Board with the Chief Executive Officer. The Board believes this creates effective leadership and an effective decision-making process. The Company does not believe it needs to separate these functions since the Board has approved a strong, independent lead director. The lead director is actively involved in corporate governance matters and on at least a quarterly basis runs an executive session of independent directors. In addition, the Nominating/Corporate Governance Committee annually conducts an evaluation of the performance of the Board and its committees and of the Chief Executive Officer. A key

responsibility of the Board and Chief Executive Officer is to ensure continuity of leadership of the Company. Each year, the Chief Executive Officer presents a succession plan to the Board for the timely and efficient transfer of responsibilities in the event of the sudden death, incapacity or departure of the Chief Executive Officer. This plan is reviewed on at least an annual basis by the Board.

COMPENSATION DISCUSSION AND ANALYSIS

Overview of Compensation Program

In 2004, we formulated a preliminary compensation philosophy that was designed to provide a market-competitive, performance-based compensation package consisting of base salary, annual bonuses and long-term equity awards for performance. Since then, our Compensation Committee has designed and implemented this compensation program for the chief executive officer, or CEO, and other executives. The Committee evaluates the performance of the CEO and determines his compensation in light of the goals and objectives of the compensation program, based on all the criteria discussed herein. Based on initial recommendations and input from the CEO, the Committee assesses the performance of the other executives and determines their compensation. Our Compensation Committee retained a compensation consulting firm, Chernoff Diamond & Co., LLC, to assist our Committee in implementing the compensation policy. The consultant provides to our Committee relevant market data about our peer companies and makes recommendations as to compensation matters. The consultant is not otherwise engaged by the Company and does not provide any other services for the Company. The discussion under this Compensation Discussion and Analysis relates to the CEO and the other named executive officers included in the Summary Compensation Table.

Compensation Objectives

As set forth in its Charter, the Committee's compensation philosophy is to align executive compensation with the interests of stockholders, attract, retain and motivate a highly competent team of executives, link pay to performance, achieve a balance between short-term and long-term results, teamwork and individual contributions and utilize equity as a significant reward for performance.

The Committee uses three components in establishing executive compensation, namely base salary, annual bonuses and long-term equity compensation. As a result, two key elements of compensation depend upon the performance of the executive, including (a) an annual bonus that is based on an assessment of the executive group's performance within the context of our overall performance, a portion of which is paid in shares of stock of the Company that are subject to a one-year vesting and continued service, and (b) long-term equity compensation in the form of shares, with 25% vesting on the third anniversary if the employee is still employed by the Company, and the remaining 75% earned if various targets are achieved over a three-year period. Salary is intended to be commensurate with the executive's scope of responsibility and effectiveness. Bonuses are designed to reward annual results. Long-term equity compensation focuses on our Company achieving long-term sustained results. We attempt to retain our executives by rewarding the executives with long-term equity only if the executive remains with us for the entire three-year performance period. The policy for allocating between either cash and non-cash compensation or short-term or long-term compensation is established on an annual basis. The Committee determines the appropriate level and mix of compensation. The Committee also considers the individual components of compensation, as well as the total compensation received by each named executive officer, relative to such officer's performance, the peer group and each other (i.e., internal equity) in making its determination. The Company does not provide material perquisites or supplemental retirement benefits. The Committee has not utilized tally sheets or wealth accumulation in evaluating compensation, but it may do so in the future.

Implementation

The consultant selected a peer group of 16 equity REITs with a business focus similar to ours, a majority of which are our direct competitors. The data that was obtained for these companies was for the 2008 fiscal year. The peer group

selected by the consultant (which was unchanged from the prior year) was reviewed and approved by the Chairman of the Committee and the Chief Executive Officer of the Company and consisted of the following companies:

Agree Realty Corp.
Hersha Hospitality Trust
Kite Realty Group Trust
Ramco Gershenson Properties Trust
First Potomac Realty Trust
Acadia Realty Trust
Saul Centers Inc.
Glimcher Realty Trust

Inland Real Estate Corp.
Tanger Factory Outlet Centers Inc.
Ashford Hospitality Trust Inc.
Lexington Realty Trust
National Retail Properties, Inc.
Pennsylvania Real Estate Investment Trust
Washington Real Estate Investment Trust
Cousins Properties Inc.

Although comparisons of compensation paid to our named executive officers relative to compensation paid to similarly situated executives in our peer group assists the Committee in determining compensation, the Committee evaluates compensation based on the corporate objectives discussed above, with a comparison to peers being one of the factors considered. As a result, the peer group is not used to benchmark compensation.

Based on its review of compensation amounts for 2008, the consultant reviewed the total compensation for the named executive officers (consisting of base salary, annual bonus and value of long-term equity grants).

Base Salary

Base salaries for our named executive officers depend on the scope of their responsibilities and their performance. Base salary is designed to compensate the executives for services rendered during the year. These salaries are compared to amounts paid to the executive's peers outside our Company. Salary levels are typically considered annually as part of the Committee's performance review process and increases are based, in part, on the Committee's assessment of the performance of the executive. The Committee determined that base salary for 2010 for each of the named executive officers would be increased by 2% as compared to a 4% increase for 2009.

Annual Bonus

The Committee seeks to align the interests of the named executive officers by evaluating executive performance on the basis of specified financial tests. Target bonuses for 2009 were established according to the executive's level of responsibility, which were 100%, 76%, 100%, 71% and 79% of the base salaries for Mr. Ullman, Mr. Kreider, Mr. Richey, Ms. Walker and Ms. Mozzachio, respectively. Of the bonus for the CEO, 30% would be discretionary and tied to strategic planning, successful renewal of the Company's credit facility, governance, relationship with the Board of Directors, succession planning and other factors deemed relevant by the Committee. The Committee determined that the CEO successfully satisfied these relevant criteria and awarded him the full 30% of his discretionary bonus.

With respect to annual bonuses for 2009, the Committee determined that two criteria would be used, with two-thirds based on a calculation of the Company's adjusted funds from operations ("AFFO"), as defined below, and one-third based on a comparison of total stockholder return ("TSR") to the median of the peer group. The Committee believes that such AFFO calculation is the appropriate benchmark for incentive compensation. For 2009, the Committee set \$.84 per share of AFFO as the performance target for receiving the bonus. The payout scale for 2009 was a 3% reduction in bonus for every \$.01 below \$.79; if \$.79 to \$.84, then a reduction of 1% for every \$.01 below \$.84; if AFFO were more than \$.84, but less than \$.89, then an increase of 1% for every \$.01 above \$.84; and if AFFO were

more than \$.89, then the target plan bonus plus an increase of 3% for every \$.01 above \$.89. No bonus would be paid if our actual results were less than \$.67 per share. The maximum payout would be 200% of the target bonus. AFFO is defined as funds from operations ("FFO"), as reduced by straight-line rents and amortization of intangible lease liabilities, increased by non-real estate amortization and the effect of restricted stock awards and subject to other adjustments.

Actual AFFO, as adjusted, for 2009 was determined to be \$.98 per share, resulting in each executive officer receiving 133% of the portion of the annual bonus attributable to AFFO. During 2009, the Committee specifically noted that the sales of certain properties by the Company and the consummation of the transaction with RioCan Real Estate Investment Trust, while favorable to the Company, could have negatively impacted the compensation of executive officers as the result of the related impairment charges incurred that adversely affected AFFO. The Committee reviewed in detail the overall impact of the RioCan transactions and the substantial positive impact they had on the Company. The Committee determined that these charges should not be included in the AFFO calculation as these transactions were very favorable to the Company and management should not have been penalized for pursuing these favorable transactions that could otherwise have negatively impacted their bonuses.

With respect to the TSR component, it was determined that for every one percent (or fraction thereof) above or below such level achieved by the Company, the percentage of awards would be increased or decreased by one percent (or fraction thereof), provided, that the Company's return above the median of the peer group would be capped at 20% and if the Company's return was more than 20% below the median of the peer group, then no awards would be earned for such year. TSR was determined to be more than 20% below the median of the peer group so that no bonus was earned with respect to this portion of the annual bonus calculation.

The Committee attempts to achieve an appropriate mix between cash payments and equity awards. Each year, a portion of the annual bonus is deferred in the form of restricted stock to be issued in accordance with the terms of our 2004 Stock Incentive Plan (the "2004 Stock Incentive Plan"), which is discounted 15% from the market price and which cliff vests in one year, subject to acceleration of vesting under the 2004 Stock Incentive Plan upon retirement, death or disability or upon the occurrence of a change in control. For 2009, the Committee determined that the portion of annual bonus allocated to restricted stock would be 50%. The number of shares applicable to the restricted stock portion of such adjusted annual bonus was in turn increased by the effect of the discount from the market price of such shares on the date of grant.

As the result of Mr. Ullman's performance in effectuating the transactions with RioCan Real Estate Investment Trust that were extremely beneficial to the Company, the Committee awarded to Mr. Ullman in 2009 a one-time special bonus of \$250,000. One-time cash bonuses for special services were also awarded in 2009 to Ms. Mozzachio and Ms. Walker in the amounts of \$33,875 and \$67,750, respectively. Ms. Mozzachio received her bonus as the result of significant results achieved in obtaining new leases at our shopping centers despite adverse leasing conditions. During 2009, Ms. Walker was actively involved in resolving issues with existing tenants and was promoted to the additional role of chief operating officer and took on additional responsibilities.

Long-Term Compensation

The Committee determined that long-term incentive compensation would be in the form of a combination of time-based and performance-based restricted stock to be issued in accordance with the terms of our 2004 Stock Incentive Plan. For 2007, such compensation was paid by the granting of restricted stock under the 2004 Stock Incentive Plan, with 50% vesting on the third anniversary if the employee was still employed by the Company, and the remaining 50% to vest if the TSR over the three year period of 2007-2009 averaged 8% or more per year for the three years. With respect to the awards granted in 2007, the Company did not attain an average 8% TSR for the three-year period ended December 31, 2009. As the result, none of the performance-based restricted shares granted in 2007 would have vested. The Committee determined that none of such shares would vest and all shares granted in 2007 were forfeited.

In 2009, based on the recommendation of its consultant, the Committee substantially increased the amount of long-term equity awards granted to most of the named executive officers. For 2010, the Committee agreed to use the same dollar amounts for all members of the management team as for 2009. As the result, the total awards for 2010 were \$1,945,000, with 25% of such awards to be based on time and 75% based on performance, subject to the same vesting requirements used in prior years. The Committee also concluded for the 2010 award that performance-based criteria would be determined using three different standards, namely a three-year TSR target, a comparison of TSR for the three-years 2010-2012 to the median of the TSR for such years for the Company's peer group as reported by NAREIT, Bloomberg or another financial service selected by the Committee and a portion based upon improvements in net operating income ("NOI"), with 25% allocated to each standard. TSR was selected since it ties this portion of the compensation to stockholder value, with the total value of these awards corresponding to stock price appreciation and dividends. The Committee noted that while TSR was a good metric, this was generally beyond the control of management. Since the Company's business is tied, in part, to growth by development and acquisitions and the subsequent operational success of developed or acquired properties, the Committee felt that it was appropriate to add as an additional test NOI growth measured over a three-year period of time. NOI would take into account the results of long-term development and operational performance. The TSR for such three-year period was set at an average of 6% or more over such three years. It was determined that for purposes of comparing the TSR with that of the Company's peers, for every one percent (or fraction thereof) above or below such level achieved by the Company, the percentage of equity awards would be increased or decreased by one percent (or fraction thereof); provided that the Company's TSR above the median of the peer group would be capped at 20% and if the Company's TSR was more than 20% below the median of the peer group, then no awards would be earned. Dividends, if declared by the Board, are paid on the shares issued as restricted stock even though such stock has not vested. TSR is determined by adding dividends paid during the year to the change in stock price for such year, with the stock price to be measured as the average closing price for the last 20 trading days of the year. This would be measured for the complete three-year period. Stock awards are based on both performance and continued service with us, subject to acceleration of vesting upon retirement, death or disability or upon a change in control. The NOI test and measurement methodology for the three-year period have not yet been established by the Committee. In order for the stock to be earned, the Company must achieve the performance goals within the three-year performance period and the employee must remain employed by us for such three years.

Our practice is to determine the dollar amount of equity compensation to be granted and then to grant a number of shares that have a fair market value equal to that amount on the first trading day of the year for which the grant is made. Fair market value is determined by selecting the closing price of our common stock applicable to the relevant grant dates. The Committee reserved the right to establish different criteria for grants in future years. Historically, our practice has been to issue restricted stock and not to grant stock options. Other than certain minor grants of stock options in 2001, we have not granted any stock options.

Perquisites

The only material perquisite provided to our named executive officers either is reimbursement for use of an automobile for business purposes or the leasing of automobiles directly by the Company for an executive's benefit since the executives need such vehicles for frequent travel to and from the Company's numerous shopping centers. No other material perquisites are provided. Since the perquisites are de minimus, the Committee does not focus on them.

Retirement Benefits

Named executive officers participate in the Company's tax qualified 401(k) plan providing for employer and employee contributions.

We do not provide any supplemental retirement benefits for the named executive officers.

Employment Agreements

We entered into employment agreements with the named executive officers and other officers commencing in 2003 and with our chief financial officer in 2007. Each of these agreements has change in control provisions that are designed to promote stability and continuity of senior management. These agreements, including change in control payments, were negotiated on an arms-length basis and are more fully described in "Employment Agreements with Named Executive Officers." The Committee does not believe these provisions will adversely affect the interests of our shareholders in the event of a change in control.

Stock Ownership Guidelines

In 2007, the Committee established target stock ownership guidelines for our named executive officers to more closely align their interests with our shareholders. The number of shares of our common stock that is targeted to be owned is set at a multiple of the executive's base salary. For the chief executive officer, the multiple is four times base salary, while for the other named executive officers the multiple is two times base salary. All the named executive officers exceed these levels.

We also established target ownership guidelines for our directors. For each director who has served as a director for at least four years, such director is expected to own shares of our common stock totaling not less than the number of shares constituting the equity portion of his annual retainer for the previous four years. All such directors meet such guidelines.

Tax Deductibility of Compensation

The financial reporting and income tax consequences to the Company of the compensation components for the executive officers are considered by the Committee in analyzing the level and mix of compensation. The Internal Revenue Code of 1986, as amended (the "Code"), was amended in 1993 with respect to the ability of publicly-held corporations such as the Company to deduct compensation in excess of \$1,000,000 per individual, other than performance-based compensation. The Compensation Committee continues to evaluate the deductibility of executive compensation, while retaining the discretion it deems necessary to compensate executive officers.

COMPENSATION

Oversight of Risk

The Board is involved in the review of risks inherent in the operations of the Company's business and the implementation of the annual budget for the Company. The Board reviews the annual budget of the Company at a meeting and actual results against the budget throughout the year at regular Board meetings as part of its review and evaluation of the direction of the Company. At Board meetings, various risks facing the Company are reviewed and discussed by the Board. In assessing compensation, in particular annual bonuses and long-term incentive compensation, the Compensation Committee reviewed the risks discussed at Board meetings. The Committee concluded that risks associated with compensation policies and practices are not reasonably likely to have a material adverse effect on the Company.

Summary Compensation Table

The following table sets forth certain information regarding compensation paid by the Company to its chief executive officer, chief financial officer and to each of its three other most highly compensated executive officers whose salary and bonus for 2009 exceeded \$100,000.

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Name and Principal Position	Year	Salary (1) (\$)	Bonus (1)(2) (\$)	Stock Awards (3) (\$)	All Other Compensation (4) (\$)	Total (\$)
Leo S. Ullman President and Chief Executive Officer	2009	499,000	750,061			
	2008	479,719	385,752			
	2007	456,875	428,337			