

INLAND WESTERN RETAIL REAL ESTATE TRUST INC
Form DEF 14A
July 21, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant ☒ X

Filed by a Party other than the Registrant ☐ O

Check the appropriate box:

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

Inland Western Retail Real Estate Trust, Inc.
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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| (2) | Aggregate number of securities to which transaction applies: |
| (3) | Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): |
| (4) | Proposed maximum aggregate value of transaction: |
| (5) | Total fee paid: |
- ☐ Fee paid previously with preliminary materials.
☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
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| (1) | Amount Previously Paid: |
| (2) | Form, Schedule or Registration Statement No.: |
| (3) | Filing Party: |
| (4) | Date Filed: |
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INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
2901 BUTTERFIELD ROAD
OAK BROOK, ILLINOIS 60523
TELEPHONE: (630) 218-8000

July 21, 2008

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Dear Stockholder:

On behalf of the Board of Directors, I cordially invite you to attend the 2008 annual meeting of stockholders of Inland Western Retail Real Estate Trust, Inc. The meeting will be held on October 14, 2008 at 10:00 a.m. Central Time, at our principal executive offices located at 2901 Butterfield Road, Oak Brook, Illinois 60523. I hope you will attend.

The accompanying notice of annual meeting of stockholders and proxy statement contain a description of the formal business to be acted upon by the stockholders. At this year's meeting, you will be entitled to vote on the election of nine directors, the establishment of the Inland Western Retail Real Estate Trust, Inc. 2008 Long-Term Equity Compensation Plan and the amendment and restatement of our charter. I encourage you to read the materials carefully. Our directors and officers, as well as representatives of KPMG LLP, our independent registered public accounting firm for 2007, will be available at the meeting to answer any questions you may have.

It is important that your shares be represented at the meeting regardless of the size of your holdings. **ACCORDINGLY, WHETHER OR NOT YOU INTEND TO BE PRESENT AT THE MEETING IN PERSON, I URGE YOU TO AUTHORIZE YOUR PROXY AS SOON AS POSSIBLE.** You may do this by completing, signing and dating the enclosed proxy card and returning it promptly in the envelope provided. You may also authorize a proxy electronically, or by calling a toll-free telephone number, by following the procedures described in the attached proxy statement. Submitting your proxy card or authorizing a proxy electronically or via telephone will ensure that your shares will be represented at the meeting and voted in accordance with your wishes. If you attend the meeting, you may, if you wish, revoke your proxy and vote your shares in person.

Thank you for your continued support of and interest in our company. I and everyone at Inland Western Retail Real Estate Trust, Inc. wish you good health, happiness and prosperity.

Sincerely,

/s/ Robert D. Parks

Robert D. Parks
Chairman

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

DATE: October 14, 2008

TIME: 10:00 a.m.

PLACE: 2901 Butterfield Road

Oak Brook, Illinois 60523

To Our Stockholders:

The purposes of the annual meeting are:

- Election of nine directors to hold office until our next annual meeting of stockholders and until their successors are elected and qualify;
- Establishment of the Inland Western Retail Real Estate Trust, Inc. 2008 Long-Term Equity Compensation Plan, pursuant to which options, restricted stock, stock appreciation rights and/or other methods of stock compensation may be provided to certain of our employees, with respect to 10,000,000 shares of our common stock;
- Amendment and restatement of our charter; and
- To transact any other business as may properly come before the meeting or any adjournments or postponements of the meeting.

The Board of Directors has fixed the close of business on July 17, 2008 as the record date for determining stockholders of record entitled to notice of and to vote at the meeting.

A proxy statement and proxy card accompany this notice. We have previously provided you with a copy of our Annual Report on Form 10-K, as amended, for the year ended December 31, 2007.

We hope to have the maximum number of stockholders present in person or by proxy at the meeting. To assure your representation at the meeting, please authorize your proxy by completing, signing, dating and mailing the enclosed proxy card. You may also authorize your proxy electronically, or by calling a toll-free telephone number, by following the procedures described in the attached proxy statement. **YOUR COOPERATION IN PROMPTLY SUBMITTING YOUR PROXY WILL BE VERY MUCH APPRECIATED.** For specific instructions, please refer to the instructions on the proxy card.

You may use the enclosed envelope which requires no further postage, if mailed in the United States, to return your proxy. If you attend the meeting, you may revoke your proxy and vote in person, if you desire.

By order of the Board of Directors,

/s/ Dennis K. Holland

Dennis K. Holland
Secretary

**INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
2901 BUTTERFIELD ROAD
OAK BROOK, ILLINOIS 60523**

**PROXY STATEMENT
FOR ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD OCTOBER 14, 2008**

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Our board of directors, or Board, is furnishing you this proxy statement to solicit proxies on its behalf to be voted at our 2008 annual meeting of stockholders to be held on October 14, 2008 at 10:00 a.m. Central Time at our principal executive offices, and at any and all adjournments or postponements thereof, which we refer to as the Annual Meeting. We encourage your participation in the voting at the Annual Meeting and solicit your support on each proposal to be presented.

This proxy statement and the accompanying proxy card are first being mailed to stockholders on or about July 23, 2008.

Unless the context otherwise requires, all references to IWEST, the Company, our, we and us in this proxy statement relate to Inland Western Retail Real Estate Trust, Inc. and those entities owned or controlled directly or indirectly by us. The mailing address of our principal executive offices is 2901 Butterfield Road, Oak Brook, Illinois 60523 and our telephone number is (630) 218-8000.

STOCKHOLDERS ARE URGED TO READ AND CONSIDER CAREFULLY THE INFORMATION CONTAINED IN THIS PROXY STATEMENT.

INSTRUCTION GUIDE FOR AUTHORIZING YOUR PROXY

**THREE EASY WAYS TO AUTHORIZE YOUR PROXY WITHOUT ATTENDING
OUR ANNUAL MEETING**

Authorize Your Proxy by Mail

Simply mark, sign, date and return the enclosed proxy card as promptly as possible in the prepaid-postage envelope enclosed.

Authorize Your Proxy by Telephone

It is fast, convenient, and your vote is immediately confirmed and posted. Using a touch-tone phone, call the toll free number, 1-800-868-5614, which is also shown on your proxy card.

Just Follow These Four Easy Steps:

- Read the accompanying proxy statement and proxy card;
- Call the toll-free number provided on your proxy card;
- Enter your CONTROL NUMBER located on your proxy card; and
- Follow the simple recorded instructions.

Your vote is important!
Call 24 hours a day

Authorize Your Proxy by Internet

It is fast, convenient, and your vote is immediately confirmed and posted. Using a computer, simply go to the designated website for our stockholders:

www.proxyvoting.com/INWEST

Just Follow These Four Easy Steps:

- Read the accompanying proxy statement and proxy card;
- Go to the website www.proxyvoting.com/INWEST;
- Enter your CONTROL NUMBER located on your proxy card; and
- Follow the simple instructions.

Your vote is important!

Go to www.proxyvoting.com/INWEST 24 hours a day

FORWARD LOOKING STATEMENTS

Certain statements in this proxy statement may constitute forward-looking statements. Forward-looking statements are statements that are not historical, including statements regarding our intentions, beliefs, expectations, representations, plans or predictions of the future and are typically identified by such words as believe, expect, anticipate, intend, estimate, may, will, should and could. We intend that such forward-looking statements be subject to the safe harbor provisions created by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and the Federal Private Securities Litigation Reform Act of 1995 and we include this statement for the purpose of complying with such safe harbor provisions. Future events and actual results, performance, transactions or achievements, financial or otherwise, may differ materially from the results, performance, transactions or achievements expressed or implied by the forward-looking statements. Risks, uncertainties and other factors that might cause such differences, some of which could be material, include, but are not limited to:

- Financial stability of tenants, including the ability of tenants to pay rent, the decision of tenants to close stores and the effect of bankruptcy laws;
- Risks of real estate development, including the failure of pending developments and redevelopments to be completed on time and within budget and the failure of newly acquired or developed properties to perform as expected;
- Risks of joint venture activities, including development joint ventures;
- The level and volatility of interest rates;
- National or local economic, business, real estate and other market conditions, including the ability of the general economy to recover timely from economic downturns;
- The effect of inflation and other factors on fixed rental rates, operating expenses and real estate taxes;
- Risks of acquiring real estate, including continued competition for new properties and the downward trend on capitalization rates;
- The competitive environment in which we operate and the supply of and demand for retail goods and services in our markets;
- Financial risks, such as the inability to renew existing tenant leases or obtain debt or equity financing on favorable terms, if at all;
- The increase in property and liability insurance costs and the ability to obtain appropriate insurance coverage;
- The ability to maintain our status as a REIT for federal income tax purposes;
- The effects of hurricanes and other natural disasters;
- Environmental/safety requirements and costs; and
- Other risks identified in our most recent Annual Report on Form 10-K, as amended, and our subsequent Quarterly Reports on Form 10-Q and, from time to time, in other reports we file with the SEC.

You should not place undue reliance on any forward-looking statements. Except as required by the federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances, or any other reason after the date of this proxy statement.

INFORMATION ABOUT THE ANNUAL MEETING

Information about the Annual Meeting

Our Annual Meeting will be held on October 14, 2008 at 10:00 a.m. Central Time at 2901 Butterfield Road, Oak Brook, Illinois 60523. Please contact our Director of Investor Relations, Dione K. McConnell, at (630) 218-8000 or via email at mcconnell@inland-western.com if you plan to attend. Additionally, please contact Morrow & Co., Inc. at 1-800-573-4804 if you have any questions with respect to authorizing a proxy to vote your shares at the Annual Meeting.

Information about this Proxy Statement

We sent you this proxy statement and the proxy card on behalf of our Board who is soliciting a proxy from you to vote your shares at the Annual Meeting. This proxy statement summarizes information we are required to provide to you and is designed to assist you in voting your shares. On July 23, 2008, we began mailing the proxy materials to all stockholders of record as of the close of business on July 17, 2008, the record date fixed by our Board for determining the holders of record of our common stock, \$.001 par value per share, entitled to notice of and to vote at the Annual Meeting. Each of the outstanding shares of common stock, as of the record date, is entitled to one vote on all matters to be voted upon at the Annual Meeting. On the record date, there were 482,157,161 shares of common stock issued and outstanding.

Proposals to be Considered by You at the Annual Meeting

At the Annual Meeting, we will be asking you to:

- PROPOSAL 1: Elect nine directors;
- PROPOSAL 2: Approve the establishment of the Inland Western Retail Real Estate Trust, Inc. 2008 Long-Term Equity Compensation Plan; and
- PROPOSAL 3: Approve the amendment and restatement of our charter.

Information about Voting

VOTING OF PROXIES - Votes cast by proxy or in person at the Annual Meeting will be tabulated by an inspector of election appointed for the Annual Meeting. Each executed and timely returned proxy will be voted in accordance with the directions indicated on it. Each stockholder giving a proxy has the power to revoke it at any time before the shares it represents are voted by giving written notice of the revocation to our Secretary, by delivering a later-dated proxy (which automatically revokes the earlier proxy), or by voting in person at the Annual Meeting. Except for broker non-votes described below, executed but unmarked proxies will be voted by the person(s) named thereon (i) for the election of the nominees named herein as directors (or a substitute for a nominee if such nominee is unable or refuses to serve); (ii) for the approval of the establishment of the Inland Western Retail Real Estate Trust, Inc. 2008 Long-Term Equity Compensation Plan; (iii) for the approval of the

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amendment and restatement of our charter and (iv) in the discretion of such person(s) upon such matters not presently known or determined that properly may come before the Annual Meeting.

AUTHORIZATION OF PROXIES ELECTRONICALLY VIA THE INTERNET - Stockholders may authorize a proxy to vote via the Internet at the www.proxyvoting.com/INWEST until 11:59 p.m. Eastern Time, on October 13, 2008. The Internet proxy authorization procedures are designed to authenticate the stockholders' identity and to allow stockholders to vote their shares and confirm that their instructions have been properly recorded.

AUTHORIZATION OF PROXIES VIA TOUCH-TONE TELEPHONE - Stockholders may authorize a proxy to vote via touch-tone telephone by calling the toll-free phone number provided on their proxy card until 11:59 p.m. Eastern Time, on October 13, 2008. The touch-tone telephone proxy authorization procedures are designed to authenticate the stockholders' identity and to allow stockholders to authorize a proxy to vote their shares and confirm that their instructions have been properly recorded.

Please refer to the proxy card enclosed for voting instructions. If you choose not to authorize your proxy by touch-tone telephone or over the Internet, please complete and return the paper proxy card in the pre-addressed, postage-paid envelope provided with this proxy statement.

Quorum; Abstentions and Broker Non-Votes

We have hired an independent proxy solicitor, Morrow & Co., Inc., to solicit proxies on the Board's behalf with respect to the matters to be voted upon at the Annual Meeting. Votes cast by proxy or in person at the Annual Meeting will be tabulated by an inspector of election appointed by us. The inspector will determine whether or not a quorum is present. Presence in person or by proxy at the Annual Meeting of holders of a majority of our issued and outstanding shares constitutes a quorum. Abstentions and broker non-votes will count toward the presence of a quorum, but will not be counted as votes cast and will have no effect on the proposal to approve the establishment of the Inland Western Retail Real Estate Trust, Inc. 2008 Long-Term Equity Compensation Plan, although abstentions and broker non-votes will have the effect of votes against the director election proposal and the proposal to approve the amendment and restatement of our charter. A broker non-vote occurs when a nominee (such as a custodian or bank) holding shares for a beneficial owner returns a signed proxy but does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner.

Dissenters' Right of Appraisal

Under Maryland law and our existing charter, holders of our common shares will not be entitled to rights of appraisal with respect to any of the matters to be acted upon at the Annual Meeting.

Number of Votes Necessary for each Proposal to be Approved

- *Election of directors:* Provided a quorum is present, the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote is required for the election of each of the nine directors to be elected at the Annual Meeting. There are no cumulative voting rights in the election of directors.
- *Approval of the establishment of the Inland Western Retail Real Estate Trust, Inc. 2008 Long-Term Equity Compensation Plan:* Provided a quorum is present, the affirmative vote of a majority of the votes cast on the matter at our Annual Meeting is required to approve the establishment of the Inland Western Retail Real Estate Trust, Inc. 2008 Long-Term Equity Compensation Plan.
- *Approval of the amendment and restatement of our charter:* Provided a quorum is present, the affirmative vote of at least a majority of the shares of our common stock issued and outstanding is required to approve the amendment and restatement of our charter.

PLEASE VOTE YOUR SHARES BY AUTHORIZING YOUR PROXY BY TELEPHONE, ELECTRONICALLY OR BY COMPLETING, SIGNING AND DATING THE ACCOMPANYING PROXY CARD AND RETURNING IT IN THE ENCLOSED POSTAGE-PAID ENVELOPE WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING.

Costs of Proxies

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We will bear all expenses incurred in connection with the solicitation of proxies. Our officers, directors and employees may solicit proxies by mail, personal contact, letter, telephone, telegram, facsimile or other electronic means. They will not receive any additional compensation for those activities, but they may be reimbursed for their out-of-pocket expenses. In addition, we have hired Morrow & Co., Inc., to solicit proxies on our behalf. We expect that the fee of soliciting proxies on our behalf will be approximately \$6,500 plus costs and expenses.

Other Matters

As of the date of this proxy statement, the above-referenced proposals are the only matters we are aware of that are to be acted upon at the Annual Meeting. If any other matter should properly come before the Annual Meeting for which we did not receive proper notice, in accordance with the requirements of our Bylaws, the persons appointed by you in your proxy will vote on those matters in accordance with the recommendation of the Board, or, in the absence of such a recommendation, in accordance with their discretion. The affirmative vote of a majority of the votes cast on any such other matter will be required for approval.

Where You Can Find More Information About Us

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other information we file with the SEC at the SEC's Public Reference Room located at 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information regarding the public reference facilities. Our SEC filings are also available to the public on the website maintained by the SEC at <http://www.sec.gov>.

Information to Rely Upon when Casting your Vote

You should rely only on the information contained in this proxy statement or incorporated by reference herein. No person has been authorized to give any information or to make any representations other than those contained in or incorporated by reference in this proxy statement in connection with the solicitation made by this proxy statement and, if given or made, the information or representations must not be relied upon as having been authorized by us. The delivery of this proxy statement will not, under any circumstances, create an implication that there has not been a change in the facts set forth in this proxy statement or in our affairs since the date of this proxy statement. This proxy statement does not constitute a solicitation by anyone in any jurisdiction in which the solicitation is not authorized or in which the person making the solicitation is not qualified to do so or to anyone to whom it is unlawful to make a solicitation.

ELECTION OF DIRECTORS

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PROPOSAL NO. 1: ELECTION OF NINE INDIVIDUALS TO SERVE AS DIRECTORS TO HOLD OFFICE UNTIL THE NEXT ANNUAL MEETING OF STOCKHOLDERS AND UNTIL THEIR SUCCESSORS ARE ELECTED AND QUALIFY.

Our current governing charter requires us to have at least three, but not more than 11, directors. Our Board currently consists of nine individuals. Although we are not listed on the New York Stock Exchange, after an evaluation, we believe that all of the directors would satisfy the definition of independent under the New York Stock Exchange's listing standards, except for Robert D. Parks, Brenda G. Gujral and Kenneth E. Masick.

The election of members of the Board is conducted on an annual basis. Each individual elected to the Board serves a one-year term and until his or her successor is elected and qualifies. Accordingly, the term of office of each of our current directors will expire at the Annual Meeting. At that meeting each current director will be nominated to stand for reelection as a director to hold office until our Annual Meeting to be held in 2009 and until his/her successor is elected and qualifies. We have no reason to believe that any of the nominees will be unable or unwilling to serve if elected. However, should any nominee be unable or unwilling to accept the office of director, and if the Board shall designate a substitute nominee, the persons named as proxies will vote for the election of the substitute nominee designated by the Board, and if none, for such other persons as they shall determine. Seven of our current directors have been directors since 2003, and two of our current directors have been directors since January 1, 2008. Information regarding the business experience of each nominee is provided below based upon information furnished to us by the individuals named.

Nominees for Election as Directors

The following sets forth information with regard to the nominees for election to our Board, with ages set forth as of January 1, 2008.

NAME, POSITIONS WITH IWEST AND AGE

BUSINESS EXPERIENCE

FRANK A. CATALANO, JR.
Director since 2003

Age 47

Frank A. Catalano, Jr. has been one of our directors since our inception on March 5, 2003. He currently is the Managing Partner of The Lending Group Integrus. He has served as President of Catalano & Associates since 1999, a real estate company that includes brokerage, property management and rehabilitation and leasing of office buildings. Mr. Catalano's experience also includes mortgage banking, including vice president of American Home Mortgage Company from 2002 to 2007 and prior to that he was a regional manager at Flagstar Bank. He also was President and Chief Executive Officer of CCS Mortgage, Inc. from 1995 through 2000, when Flagstar Bank acquired the company.

Mr. Catalano is a member of the Elmhurst, Illinois Chamber of Commerce and its past Chairman of the Board. He is also a member of the Elmhurst Jaycees, Elmhurst Hospital Board of Governors, Elmhurst Kiwanis and is currently the President of Elmhurst Historical Museum Commission. Mr. Catalano holds a mortgage broker's license.

KENNETH H. BEARD
Director since 2003

Age 67

Kenneth H. Beard has been one of our independent directors since our inception on March 5, 2003. He is President and Chief Executive Officer of Midwest Mechanical Group, a mechanical construction and service company. From 1999-2002 he was President and Chief Executive Officer of Exelon Services, a subsidiary of Exelon Corporation, where he had responsibility for financial performance including being accountable for creating business strategy, growing the business through acquisition, integrating acquired companies and developing infrastructure for the combined acquired businesses.

Prior to that position, from 1974 to 1999, Mr. Beard was the founder, President and Chief Executive Officer of Midwest Mechanical, Inc., a heating, ventilation and air conditioning

company providing innovative and cost effective construction services and solutions for commercial, industrial, and institutional facilities. From 1964 to 1974, Mr. Beard was employed by The Trane Company, a manufacturer of heating, ventilating and air conditioning equipment having positions in sales, sales management and general management.

Mr. Beard holds an MBA and BSCE from the University of Kentucky and is a licensed mechanical engineer. He is chairman of the foundation board of the Wellness House in Hinsdale, Illinois, a cancer support organization and serves on the Dean's Advisory Council of the University of Kentucky, School of Engineering. Mr. Beard is a past member of the Oak Brook, Illinois Plan Commission (1981-1991) and a past board member of Harris Bank, Hinsdale, Illinois (1985-2004).

PAUL R. GAUVREAU
Director since 2003

Age 68

Paul R. Gauvreau has been one of our directors since our inception on March 5, 2003. He is the retired Chief Financial Officer, Financial Vice President and Treasurer of Pittway Corporation, a New York Stock Exchange listed manufacturer and distributor of professional burglar and fire alarm systems and equipment from 1966 until its sale to Honeywell, Inc. in 2001. He was President of Pittway's non-operating real estate and leasing subsidiaries through 2001. He was a financial consultant to Honeywell, Inc.; Genesis Cable, LLC; and ADUSA, Inc. He was a director and audit committee member of Cylink Corporation, a NASDAQ Stock Market listed manufacturer of voice and data security products from 1998 until its merger with Safenet, Inc. in February 2003.

Mr. Gauvreau holds an MBA from the University of Chicago and a BSC from Loyola University of Chicago. He is on the Board of Trustees and Chairman of the Finance Committee of Benedictine University, Lisle, Illinois, and a member of the board of directors and Vice President of the Children's Brittle Bone Foundation, Pleasant Prairie, Wisconsin.

GERALD M. GORSKI
Director since 2003

Age 64

Gerald M. Gorski has been one of our directors since July 1, 2003. He is a Partner in the law firm of Gorski and Good, Wheaton, Illinois. Mr. Gorski's practice is limited to governmental law. His firm represents numerous units of local government in Illinois and Mr. Gorski has served as a Special Assistant State's Attorney and Special Assistant Attorney General in Illinois. He received a Bachelor of Arts degree from North Central College with majors in Political Science and Economics and a Juris Doctor degree from DePaul University Law School where he was placed on the Deans Honor List. Mr. Gorski serves as the Vice-Chairman of the Board of Commissioners for the DuPage Airport Authority. Further, Mr. Gorski has also served as Chairman of the Board of Directors of the DuPage National Technology Park. He has written numerous articles on various legal issues facing Illinois municipalities; has been a speaker at a number of municipal law conferences and is a member of the Illinois Bar Association, the Institute for Local Government Law and the International Municipal Lawyers Association.

RICHARD P. IMPERIALE
Director since 2008

Age 48

Richard P. Imperiale has been a director since January 2008 and is President and founder of the Uniplan Companies, a Milwaukee, Wisconsin based investment advisory holding company. Uniplan and its affiliates manage and advise over \$600 million in client accounts. Uniplan specializes in providing clients with consistently superior risk-adjusted returns managing equity, REIT and specialty portfolios. Mr. Imperiale started his career as a credit analyst for the First Wisconsin National Bank (now U.S. Bank). In 1983, Mr. Imperiale joined B.C. Ziegler & Company, a Midwest regional brokerage firm where he was instrumental

in the development of portfolio strategies for one of the first hedged municipal bond mutual funds in the country. In 1984, Mr. Imperiale founded Uniplan, Inc., with the objective of managing investment portfolios to achieve the greatest long-term risk-adjusted return for conservative institutional clients. Mr. Imperiale is widely quoted in local and national media on matters pertaining to investments and is a regular guest on CNN's Power Lunch. He has appeared on Bloomberg News, CNBC, and is a frequent guest on the syndicated radio talk show, Money Sense. He authored the book Real Estate Investment Trusts: New Strategies For Portfolio Management, published by John Wiley & Sons, 2002. He attended Marquette University Business School where he received a BS Degree in Finance. In addition, Mr. Imperiale completed the postgraduate lecture series in corporate finance at the University of Chicago Graduate School of Business and received a certificate in legal research from Concordia University.

KENNETH E. MASICK
Director since 2008

Age 62

Kenneth E. Masick has been one of our directors since January 2008. He has been a Partner of Wolf & Company LLP, certified public accountants, since its formation in 1978. That firm, one of the largest in the Chicago-land area, specializes in audit, tax and consulting services to privately owned businesses. Mr. Masick currently is Partner-in-Charge of the firm's audit and accounting department and is responsible for the firm's quality control. His accounting experience also includes forecasts and projects, feasibility studies and due diligence activities on acquisitions. Mr. Masick has been in public accounting since his graduation from Southern Illinois University in 1967. He is also licensed as a General Securities Representative. Mr. Masick is a member of the American Institute of Certified Public Accountants and the Illinois CPA Society. He also serves as Financial and Operations Principal for Oak Brook Financial Group, LLC and Wolf Capital LLC, both broker dealer firms. All of the mentioned entities with which Mr. Masick is affiliated have their offices in Oak Brook, Illinois.

BARBARA A. MURPHY
Director since 2003

Age 70

Barbara A. Murphy has been one of our directors since July 1, 2003. She is the Chairwoman of the DuPage Republican Party. Ms. Murphy is also a member of the Illinois Motor Vehicle Review Board and a member of the Matrimonial Fee Arbitration Board. Ms. Murphy is a former Milton Township Trustee and a committeewoman for the Milton Township Republican Central Committee. Ms. Murphy previously served as State Central Committeewoman for the Sixth Congressional District and has also served on the DuPage Civic Center Authority Board, the DuPage County Domestic Violence Task Force, and the Illinois Toll Highway Advisory Committee. Ms. Murphy is a founding member of the Family Shelter Service Board. As an active volunteer for Central DuPage Hospital, she acted as the surgery hostess (cared for families while a family member was undergoing surgery). Ms. Murphy was a department

manager and buyer for J.W. Robinson's and Bloomingdale's and the co-owner of Daffy Down Dilly Gift Shop.

ROBERT D. PARKS

Chairman of the Board and Director since our formation in 2003

Age 63

Robert D. Parks has been our Chairman of the Board and a director since our inception on March 5, 2003. He is a director of The Inland Group Inc., or Inland, and one of its four original principals; Chairman of the Board of Inland Real Estate Investment Corporation, or IREIC, a director of Inland Securities Corporation, and a director of Inland Investment Advisors, Inc. Mr. Parks is Chairman of the Board and a director of Inland American Real Estate Trust, Inc. and formerly President, Chief Executive Officer and a director of Inland Real Estate Corporation. He is also a director of Inland Real Estate Exchange

Corporation.

Mr. Parks is responsible for the ongoing administration of existing investment programs, corporate budgeting and administration for IREIC. He oversees and coordinates the marketing of all investments and investor relations.

Prior to joining the Inland organization, Mr. Parks taught in Chicago's public schools. He received his B.A. Degree from Northeastern Illinois University and his M.A. Degree from the University of Chicago. He is a registered Direct Participation Program Limited Principal with the National Association of Securities Dealers. He is a member of the Real Estate Investment Association, the Financial Planning Association, the Foundation for Financial Planning as well as a member of the National Association of Real Estate Investment Trusts.

BRENDA G. GUJRAL

Director since our formation in 2003

Age 65

Brenda G. Gujral has been one of our directors since our inception and previously served as our President and Chief Executive Officer until November 15, 2007. She is President, Chief Operating Officer and a director of IREIC and President, Chief Operating Officer and a director of Inland Securities Corporation-a member firm of the Financial Industry Regulatory Association (FINRA). Ms. Gujral is a director of Inland Investment Advisors, Inc.; Chairman of the Board of Inland Real Estate Exchange Corporation; and Chief Executive Officer, President and a director of Inland American Real Estate Trust, Inc.

Ms. Gujral has been with the Inland organization for 26 years, becoming an officer in 1982. Prior to joining Inland, she worked for the Land Use Planning Commission establishing an office in Portland, Oregon to implement land use legislation for that state. She is a graduate of California State University. She holds Series 7, 22, 39 and 63 licenses from the NASD and she is a licensed real estate salesperson. Ms. Gujral is a member of the National Association of Real Estate Investment Trusts, the Financial Planning Association, the Foundation for Financial Planning and the National Association for Female Executives.

THE BOARD'S RECOMMENDATION

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE

FOR

FRANK A. CATALANO, JR.,
KENNETH H. BEARD,
PAUL R. GAUVREAU,
GERALD M. GORSKI,

RICHARD P. IMPERIALE,

KENNETH E. MASICK,
BARBARA A. MURPHY,
ROBERT D. PARKS, AND

BRENDA G. GUJRAL

ITS NOMINEES FOR ELECTION AS DIRECTORS

TO SERVE UNTIL THE NEXT ANNUAL MEETING OF STOCKHOLDERS

AND UNTIL THEIR SUCCESSORS ARE ELECTED AND QUALIFY.

Vote Required

The vote of a majority of the shares of our stock entitled to vote, present in person or by proxy at a meeting at which a quorum is present, is necessary for the election of each of the nine directors to be elected at the Annual Meeting. There are no cumulative voting rights in the election of directors. For purposes of the election of directors, abstentions and broker non-votes will have the effect of a vote against the proposal, although, as mentioned, they will count toward the presence of a quorum.

Board Meetings in 2007

Our Board met 13 times during 2007. Each director who was a director during 2007 attended more than 75% of the total number of meetings of the Board and each Committee on which he or she served. We do not have a policy with regard to Board members' attendance at annual stockholder meetings. However, each director who was a director at such time attended the 2007 Annual Meeting.

Committees of the Board of Directors

Our bylaws provide that our Board may establish such committees as the Board believes appropriate. The Board will appoint the members of the committee in the Board's discretion. In addition to the three committees described below, our Board may establish such other committees as it deems necessary and appropriate.

Audit Committee. Our Board has established an Audit Committee comprised of Messrs. Beard and Gauvreau; in addition, Mr. Masick was appointed to the Audit Committee effective January 2008 and Mr. Gorski was a member of the Audit Committee until January 2008. Mr. Gauvreau serves as the Chair of the Audit Committee and qualifies as our financial expert under the SEC rules. Although we are not listed on the New York Stock Exchange, after an evaluation by the Audit Committee, we believe that each of the members, or former members (as applicable), of the Audit Committee, with the exception of Mr. Masick, would satisfy the definition of independent under the New York Stock Exchange's listing standards. Mr. Masick is an audit partner with Wolf and Co., the firm that audited the financial statements of the property management companies acquired by us in the internalization on November 15, 2007. However, our Board believes that his experience is best suited to serve as a member of the Audit Committee.

The Audit Committee is responsible for the engagement of our independent registered public accounting firm, reviewing the plans and results of the audit engagement with our independent registered public accounting firm, approving services performed by, and the independence of, our independent registered public accounting firm, considering the range of audit and non-audit fees, and consulting with our independent registered public accounting firm regarding the adequacy of our internal accounting controls. The Audit Committee held eight meetings during 2007.

Audit Committee Report. The Audit Committee of the Board is responsible for providing independent, objective oversight of our accounting functions and internal controls. The Audit Committee is currently composed of three directors. Although we are not listed on the New York Stock Exchange, each of the current members of the Audit Committee would satisfy the definition of independent under the New York Stock Exchange's listing standards. The Audit Committee operates under a written charter approved by the Board of Directors. A copy of the charter is available on our website at www.inlandwestern.com.

Management is responsible for our internal controls and financial reporting process. The independent registered public accounting firm is responsible for performing an independent audit of our consolidated financial statements and an audit of the effectiveness of our internal control over financial reporting as of December 31, 2007, in accordance with the standards of the Public Company Accounting Oversight Board (United States) and to issue reports thereon. The Audit Committee's responsibility is to monitor and oversee these processes.

In connection with these responsibilities, the Audit Committee met with management and the independent registered public accounting firm to review and discuss the December 31, 2007 audited financial statements and management's assessment of the effectiveness of internal control over financial reporting. The Audit Committee also discussed with the independent registered public accounting firm the matters required by Statement on Auditing Standards No. 61 (Communication with Audit Committees). The Audit Committee also received written disclosures and the letters from the independent registered public accounting firm required by Independence Standards Board Standard No. 1 (Independent Discussions with Audit Committees), and the Audit Committee discussed with the independent registered public accounting firm that firm's independence.

Based upon the Audit Committee's discussions with management and the independent registered public accounting firm, and the Audit Committee's review of the representations of management and the independent registered public accounting firm, the Audit Committee recommended that the Board include the audited consolidated financial statements in our Annual Report on Form 10-K, as amended, for the year ended December 31, 2007, filed with the SEC.

The members of the Audit Committee of our Board are:

Kenneth H. Beard

Paul R. Gauvreau

Kenneth E. Masick

Executive Compensation Committee. Effective as of December 11, 2007, our Board established an Executive Compensation Committee comprised of Mr. Catalano, Mr. Imperiale, Ms. Gujral and Ms. Murphy. Mr. Catalano serves as the chair of the Executive Compensation Committee. Although we are not listed on the New York Stock Exchange, each of the members of the Executive Compensation Committee would satisfy the definition of "independent" under the New York Stock Exchange's listing standards, other than Ms. Gujral. The Executive Compensation Committee operates under a written charter approved by the Board of Directors. A copy of the charter is available on our website at www.inlandwestern.com.

The Executive Compensation Committee makes recommendations to our Board concerning compensation policies and programs, including salaries and incentive compensation, for our executive officers, and administers our employee benefit plans. As the Executive Compensation Committee was not established until December 11, 2007, the Executive Compensation Committee did not hold any meetings during 2007. The Executive Compensation Committee has not delegated its authority to others. It is likely that our chief executive officer will provide input into executive compensation decisions. We have not hired a compensation consultant to assist the Executive Compensation Committee in determining compensation for 2008 but have in the past hired consultants for the limited role of providing peer data.

Compensation Committee Interlocks and Insider Participation. Until November 15, 2007, Ms. Gujral served as our Chief Executive Officer. Except for Ms. Gujral, no other member of the Executive Compensation Committee has been or is our officer or employee. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more of its executive officers or directors serving on our Executive Compensation Committee.

Ms. Gujral is an officer, director and/or stockholder of certain related parties, with which we have certain contractual relationships. Please see "Certain Relationships and Related Transactions" for detailed information on these relationships.

In connection with the internalization, Ms. Gujral received shares of our common stock valued at approximately \$1.3 million as a result of her being a stockholder of one or more of the companies we acquired.

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Nominating and Corporate Governance Committee. Effective as of December 11, 2007, our Board established a Nominating and Corporate Governance Committee, or Nominating Committee, comprised of Messrs. Gorski, Imperiale and Parks. Mr. Gorski serves as the chair of the Nominating Committee. Although we are not listed on the New York Stock Exchange, each of the Members of the Nominating Committee would satisfy the definition of independent under the New York Stock Exchange's listing standards, other than Mr. Parks. The Nominating Committee operates under a written charter approved by the Board of Directors. A copy of the charter is available on our website at www.inlandwestern.com. As the Nominating Committee was not established until December 11, 2007, the Nominating Committee did not hold any meetings during 2007. The Board of Directors will consider for recommendation to the Board nominations made by stockholders that comply with the procedures described below under the caption Advance Notice Procedures for Making Director Nominations and Stockholder Proposals.

Once one of the members of the Nominating Committee has identified a possible nominee (whether through a recommendation from a stockholder or otherwise), the Nominating Committee makes an initial determination as to whether to conduct a full evaluation of the candidate. This initial determination is based on the information provided to the Nominating Committee when the candidate is recommended, the Nominating Committee's own knowledge of the prospective candidate and information, if any, obtained by the Nominating Committee's inquiries. The preliminary determination is based primarily on the need for additional Board members to fill vacancies, expand the size of the Board of Directors or obtain representation in market areas without Board representation and the likelihood that the candidate can satisfy the evaluation factors described below. If the members of the Nominating Committee determine that additional

consideration is warranted, the Nominating Committee may gather additional information about the candidate's background and experience. The members of the Nominating Committee then evaluate the prospective nominee against the following standards and qualifications:

- Achievement, experience and independence;
- Wisdom, integrity and judgment;
- Understanding of the business environment; and
- Willingness to devote adequate time to Board duties.

The members of the Nominating Committee also consider such other relevant factors as they deem appropriate, including the current composition of the Board, the need for audit committee or other expertise and the evaluations of other candidates. In connection with this evaluation, the members of the Nominating Committee determine whether to interview the candidate. If the members of the Nominating Committee decide that an interview is warranted, one or more of those members, and others as appropriate, interview the candidate in person or by telephone. After completing this evaluation and interview, the full Board would nominate such candidates for election. Messrs. Imperiale and Masick were initially recommended and elected by the full Board in 2007.

Special Committee. The Board delegated all its power and authority to the Special Committee, subject to applicable law, in connection with all matters pertaining to the possible acquisition of our business manager/advisor and property managers and the evaluation of alternative strategies. During 2007, the members of the Special Committee included Messrs. Beard, Gauvreau and Gorski and Ms. Murphy.

Corporate Governance Documents

On October 12, 2004, our Board unanimously adopted the following corporate governance documents:

- Code of Business Conduct and Ethics,
- Nonretaliation Policy; and
- Complaint Procedures for Accounting and Auditing Matters.

Stockholder Communications

We have not adopted a formal process for stockholder communications with our Board. Every effort has been made to ensure that the views of stockholders are heard by our Board or individual directors, as applicable, and that appropriate responses are provided to stockholders in a timely manner. Stockholders are free to contact any director or executive officer directly by writing in care of us, or by writing to Mr. Dennis K. Holland, our General Counsel and Secretary, at 2901 Butterfield Road, Oak Brook, IL 60523, or by sending an email to Mr. Holland at holland@inland-western.com. Stockholders can contact the Audit Committee directly by sending a letter to Mr. Paul Gauvreau, in care of us at 2901 Butterfield Road, Oak Brook, IL 60523.

All communications received as set forth in the preceding paragraph will be opened by the office of the General Counsel for the sole purpose of determining the nature of the communications. Communications that constitute advertising, promotions of a product or service, or patently offensive material will not be forwarded to the directors. Other communications will be forwarded promptly to the addressee or addressees.

Director Compensation

Base Compensation. With the exception of Mr. Parks and Ms. Gujral, prior to January 1, 2008, we paid each of our directors an annual fee of \$15,000. In addition, with the exception of Mr. Parks and Ms. Gujral, each director received \$500 for attending in person, or \$350 for attending by telephone, each meeting of our Board. Each member of the Audit Committee received \$750 for attending an audit committee meeting in person or \$500 for attending via telephone. Members

of the Special Committee received \$1,000 for attending each meeting, whether in person or via telephone, of the Special Committee.

Beginning January 1, 2008, each director (other than Mr. Parks and Ms. Gujral, who are not entitled to receive any compensation for their service on the Board of Directors or any of its committees) will receive an annual director fee of \$40,000. The chairman of the Audit Committee will receive an additional annual fee of \$10,000, and the chairman of any other committee will receive an additional annual fee of \$5,000. In addition, each director will receive \$1,000 for attending in person or \$750 for attending via telephone, each meeting of the Board, and \$500 for attending, whether in person or via telephone, each committee meeting.

Independent Director Stock Option Plan. We have an Independent Director Stock Option Plan under which non-employee directors, as defined under Rule 16b-3 of the Exchange Act, are eligible to participate. Only those directors who are not employees of The Inland Group, Inc. or its affiliates are eligible to participate in this plan.

We have authorized and reserved a total of 75,000 shares of our common stock for issuance under our Independent Director Stock Option Plan. The number and type of shares which could be issued under the plan may be adjusted if we are the surviving entity after a reorganization or merger or if our stock splits or is consolidated or we are recapitalized. If this occurs, the exercise price of the options will be correspondingly adjusted.

Under our Independent Director Stock Option Plan, prior to January 1, 2008 each non-employee director was entitled to be granted an option to acquire 3,000 shares as of the date they became a director and an option to acquire an additional 500 shares on the date of each annual stockholders' meeting, commencing with the annual meeting in 2004, so long as the director remains a member of the Board on such date. Options granted during our initial offering period are all currently exercisable at \$8.95 per share. Subsequent to our initial offering period, options granted as of each annual stockholders' meeting become fully exercisable on the second anniversary of the date of grant at the fair market value of a share on the last business day preceding the date of each annual meeting.

Beginning January 1, 2008 each non-employee director will be entitled to be granted an option under our Independent Director Stock Option Plan to acquire 5,000 shares as of the date they initially become a director. At the time of this change, all non-employee directors other than Messrs. Imperiale and Masick had previously received their initial grants of options, and Messrs. Imperiale and Masick received their initial grants of options on January 1, 2008. In addition, each non-employee director will be entitled to be granted an option to acquire an additional 5,000 shares on the date of each annual stockholders' meeting, commencing with the annual meeting in 2008, so long as the director remains a member of the Board on such date. All such options will be granted at the fair market value of a share on the last business day preceding the date of each annual stockholders' meeting and will become fully exercisable on the second anniversary of the date of grant.

As of December 31, 2007, no options to acquire shares had been exercised or expired and options to acquire 25,000 shares were outstanding.

Options granted under the Independent Director Stock Option Plan are exercisable until the first to occur of:

- the tenth anniversary of the date of grant,

- the removal for cause of the director as a director, or
- three months following the date the director ceases to be a director for any other reason except death or disability.

The options may be exercised by payment of cash or through the delivery of our common stock. They are generally exercisable in the case of death or disability for a period of one year after death or the disabling event, provided that the death or disabling event occurs while the person is a director. However, if the option is exercised within the first six months after it becomes exercisable, any shares issued pursuant to such exercise may not be sold until the six month anniversary of the date of the grant of the option. Notwithstanding any other provisions of the Independent Director Stock Option Plan to the contrary, no option issued pursuant thereto may be exercised if such exercise would jeopardize our status as a REIT under the Code.

No option may be sold, pledged, assigned or transferred by a director in any manner otherwise than by will or by the laws of descent or distribution.

Upon our dissolution, liquidation, reorganization, merger or consolidation as a result of which we are not the surviving corporation, or upon sale of all or substantially all of our property, the Independent Director Stock Option Plan will terminate, and any outstanding unexercised options will terminate and be forfeited. However, holders of options may exercise any options that are otherwise exercisable immediately prior to the dissolution, liquidation, consolidation or merger. Additionally, our Board may provide for any or all of the following alternatives:

- for the assumption by the successor corporation of the options previously granted or the substitution by the corporation for the options covering the stock of the successor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and exercise prices;
- for the continuance of the Independent Director Stock Option Plan by such successor corporation in which event the Independent Director Stock Option Plan and the options will continue in the manner and under the terms so provided; or
- for the payment in cash or common stock in lieu of and in complete satisfaction of the options.

The following table sets forth a summary of the compensation we paid to our directors during 2007:

Name (a)	Fees Earned or Paid in Cash (\$ (b))	Stock Awards (\$ (c))	Option Awards (\$ (d))	Non-Equity Incentive Plan Compensation (\$ (e))	Change in Pension Value and Nonqualified Deferred Compensation Earnings (f)	All Other Compensation (\$ (g))	Total (\$ (h))
Frank A. Catalano, Jr.	\$ 15,500		\$ 402				\$ 15,902
Kenneth H. Beard	33,750		\$ 402				\$ 34,152
Paul R. Gauvreau	37,850		\$ 402				\$ 38,252
Gerald M. Gorski	34,950		\$ 402				\$ 35,352
Barbara A. Murphy	31,250		\$ 402				\$ 31,652
Robert D. Parks (1)							
Brenda G. Gujral (1)							
Richard P. Imperiale (2)							
Kenneth E. Masick (2)							

(1) Mr. Parks and Ms. Gujral do not receive any fees or other remuneration for serving as our directors.

(2) Messrs. Imperiale and Masick did not become directors until January 1, 2008.

OUR EXECUTIVE OFFICERS

Biographies of our Executive Officers

Our executive officers are appointed by, and serve at the discretion of, the Board. They will continue to serve in their respective offices until they resign or their successors are elected and qualify. There is no family relationship between any of our executive officers and any of our directors or nominated directors. None of our executive officers has a written severance agreement with us. We have entered into employment agreements, subsequently amended, with Michael J. O Hanlon, Steven P. Grimes, Shane C. Garrison, and Niall J. Byrne that became effective upon the closing of our acquisition of our business manager/advisor and property managers. The following sets forth information regarding our executive officers, with ages set forth as of January 1, 2008:

**NAME, POSITIONS WITH
IWEST AND AGE**

BUSINESS EXPERIENCE

MICHAEL J. O HANLON

President and Chief Executive Officer since

Michael J. O Hanlon became our President and Chief Executive Officer on November 15, 2007. He joined Inland in 2005 as Senior Vice President,

<p>November 15, 2007</p> <p>Age 56</p>	<p>Director of Asset Management with IREIC, the sponsor of all of Inland's REITs. As Director of Asset Management he was responsible for coordinating the strategic direction and value enhancement of the combined portfolio of assets of Inland's unlisted REITs and partnerships. As a member of our senior advisory committee, he has been instrumental in the creation and expansion of our institutional and development joint venture platforms, in addition to steering the focused asset management strategy of our portfolio. Effective with our internalization in November 2007, Mr. O'Hanlon was appointed as our President and Chief Executive Officer.</p> <p>Mr. O'Hanlon has more than 30 years of real estate industry experience in areas such as asset and property management, capital markets, joint ventures, loan restructuring, and real estate development and real estate brokerage.</p> <p>Prior to his current position, Mr. O'Hanlon was the Executive Vice President and Regional Managing Director at Grubb & Ellis in Chicago, where he supervised all lines of business in the Midwest region, including the operations of five company offices and 15 affiliate offices. He has also held senior positions with Cushman & Wakefield, Balcor, and was formerly a senior credit officer in the real estate corporate lending group at Citibank. He earned a Master of Business Administration in Finance from Columbia University and a Bachelor of Science in Accounting from Fordham University. He is a member of the National Association of Real Estate Investment Trusts and the International Council of Shopping Centers, and was previously a member of the Urban Land Institute.</p>
<p>STEVEN P. GRIMES</p> <p>Chief Operating Officer and Chief Financial Officer since November 15, 2007</p> <p>Age 41</p>	<p>Steven P. Grimes became our Chief Operating Officer and Chief Financial Officer on November 15, 2007. He joined IREIC as Chief Financial Officer of Inland Western Retail Real Estate Advisory Services, Inc., our former business manager/advisor, in February 2004. Since that time, Mr. Grimes has held the positions of our Principal Financial Officer and Treasurer. During his time as our Principal Financial Officer, Mr. Grimes has overseen the acquisition of over \$7.7 billion in real estate assets and over \$4.2 billion in financings and has led our SEC and Sarbanes-Oxley compliance efforts. Prior to joining the Inland organization, Mr. Grimes was a Director with Cohen Financial, a mortgage brokerage firm, and was a senior manager with Deloitte in their Chicago-based real estate practice. Mr. Grimes received his B.S. Degree in Accounting from Indiana University and is a Certified Public Accountant (CPA). He is a member of the National Association of Real Estate Investment Trusts and the International Council of Shopping Centers. Mr. Grimes is a member of the AICPA and the Illinois CPA Society. Previously, Mr. Grimes has served on accounting subcommittees of National Council of Real Estate Investment Fiduciaries and Pension Real Estate Association.</p>
<p>DENNIS K. HOLLAND</p> <p>General Counsel and Secretary since November 15, 2007</p> <p>Age 55</p>	<p>Dennis K. Holland joined us as General Counsel and Secretary on November 15, 2007. Prior to that time, he served as Associate Counsel in The Inland Real Estate Group, Inc., or TIREG, law department. Mr. Holland joined TIREG in December 2003. Mr. Holland is involved in all aspects of our business, including real estate acquisitions and financings, sales, securities laws, corporate governance matters, leasing and tenant matters, litigation management, and manages our law department. He received his B.S. Degree in Economics from Bradley University in 1974 and a J.D. from the John Marshall Law School in 1979. Mr. Holland is licensed to practice law in Illinois. Prior to joining TIREG, Mr. Holland served as Deputy General Counsel with Heller Financial, Inc. and in a business role with GE Capital following its acquisition of Heller Financial.</p>

SHANE C. GARRISON

Chief Investment Officer since November 15, 2007

Age 38

Shane C. Garrison joined Inland U.S. Management LLC, one of our property management companies, in 2004. As Vice President of Asset Management and a member of our senior advisory committee, he spearheaded the development and joint venture initiatives for us. Effective with our internalization on November 15, 2007, Mr. Garrison was appointed Chief Investment Officer.

Previously, Mr. Garrison was head of asset management for ECI Properties, responsible for its real estate portfolio, which included industrial and retail properties. Prior to ECI Properties, he was the general manager of the Midwest region for Circuit City.

He has a Master of Business Administration in Real Estate Finance from DePaul University in Chicago, and a Bachelor of Science in Business Administration from Illinois State University. He is an active member of the Urban Land Institute, the National Association of Real Estate Investment Trusts, Inc. and the International Council of Shopping Centers.

NIAL J. BYRNE

Vice President and President of Property Management since November 15, 2007

Age 51

Niall J. Byrne joined us in 2005 as Senior Vice President of the Western Management Companies, our property management advisors. Mr. Byrne was responsible for the oversight of all the property management functions for our portfolio of over 300 properties, which aggregate to more than 46 million square feet. As a member of our senior advisory committee, he was involved in our development, acquisition and joint venture initiatives. Effective with our internalization on November 15, 2007, Mr. Byrne was appointed as our Vice President and President of Property Management.

Previously, Mr. Byrne was Vice President of Asset Management of a large commercial and residential portfolio of properties at American Landmark Property, Ltd. Prior to joining American Landmark Properties, Ltd., Mr. Byrne was Senior Vice President/Director of Operations for Providence Management Company, LLC. At PMC, he oversaw all aspects of property operations, daily management and asset management functions for an 8,000 unit multi-family portfolio. He also has over 15 years of real estate experience with the Chicago-based Habitat Company and with American Express/Balcor.

Mr. Byrne received his Bachelor of Science degree in Accounting from DePaul University. He holds an Illinois CPA Certificate and Illinois Real Estate sales license and has five years public accounting experience. He is a member of the National Association of Real Estate Investment Trusts, Inc. and the International Council of Shopping Centers.

JAMES W. KLEIFGES

Chief Accounting Officer since November 15, 2007

Age 57

James W. Kleifges became our Chief Accounting Officer on November 15, 2007. In March 2007, he joined Inland Real Estate Investment Corp. as Chief Accounting Officer of Inland Western Retail Real Estate Advisory Services, Inc., our former business manager/advisor. From January 2005 through February 2007, Mr. Kleifges was Vice President, Chief Financial Officer, Treasurer and Assistant Secretary of Inland Retail Real Estate Trust, Inc., an affiliate until its merger with a third party in February 2007 in a transaction valued in excess of \$6 billion. From August 2004 through December 2004, Mr. Kleifges was the Vice President, Corporate Controller for Inland Retail Real Estate Advisory Services, Inc. From April 1999 to January 2004, Mr. Kleifges was Vice President/Corporate Controller of Prime Group Realty Trust, an office and industrial real estate investment trust based in Chicago, Illinois with assets in excess of \$1 billion. Prior to Prime Group, Mr. Kleifges held senior financial and operational positions in various private and public real estate companies located in Chicago, Illinois and Denver, Colorado.

Mr. Kleifges also was a Senior Manager with KPMG in Chicago, Illinois completing a career in public accounting from June 1972 to December 1982.

Mr. Kleifges earned his Bachelor of Arts Degree in Accounting from St. Mary's University in Winona, Minnesota and has been a Certificated Public Accountant since 1974. Mr. Kleifges is a member of the Illinois Society of Certified Public Accountants.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

When we were initially formed in 2003, we did not have any employees. Instead we had agreements with affiliates who provided all of our services and employees in exchange for fees. At that time, the affiliates compensated their employees. We were not a part of any compensation decisions or arrangements. On November 15, 2007, we acquired those affiliates and hired substantially all of those employees who were employed by those affiliates and provided services to us in a transaction referred to as the internalization. As part of the internalization, we entered into employment agreements with four of our executive officers, including Michael O'Hanlon, our President and Chief Executive Officer, Steven Grimes, our Chief Operating Officer and Chief Financial Officer, Shane Garrison, our Chief Investment Officer, and Niall Byrne, our Vice President and President of Property Management.

The term of each of the employment agreements with the individuals listed above began on November 15, 2007, the closing date of the internalization, and continues, unless earlier terminated, until December 31, 2007. The term of each agreement was recently extended until June 30, 2008, subject to earlier termination, and any compensation increase negotiated during the remainder of the employment period will be retroactive to January 1, 2008. The employment agreements may be terminated: (i) by the individual or us for any reason effective upon 60 days prior written notice; or (ii) by us for cause, as defined in each of the employment agreements, effective without prior written notice to the individual unless we are terminating the individual's employment for reasons relating to a failure to perform the individual's duties or any material breach of the employment agreement or other agreements where we are required to give the individual notice of our intention and allow the individual 15 days to cure.

During 2007, each individual received a base salary from us. We agreed to pay Mr. O'Hanlon, Mr. Grimes, Mr. Garrison and Mr. Byrne a base salary of \$400,000, \$300,000, \$200,000 and \$225,000, respectively, per year, pro-rated for their period of actual employment with us during 2007. Further, each individual will be eligible to participate in any retirement, pension, profit-sharing or other similar plans of ours or our affiliates. The individual will also be reimbursed for all ordinary and necessary business expenses incurred by the individual in connection with the individual's duties.

Under each of the employment agreements, if employment is terminated by the individual or by us for any reason, we will pay or provide the individual: (i) base salary accrued through the termination; (ii) reimbursable expenses; (iii) pro-rated annual bonus, if any; and (iv) any benefits required to be paid or provided under applicable law. None of the individuals is entitled to any other severance under these agreements.

We have an oral employment agreement with Dennis Holland, our General Counsel and Secretary, pursuant to which he is entitled to a base salary of \$265,000 per year. In addition, Mr. Holland is potentially entitled to a bonus. The actual amount of any bonus, together with any performance criteria and any vesting restrictions on any equity, would be determined by our Executive Compensation Committee. In addition, he may be entitled to certain benefits in the event of a change in control.

In late 2007, our Board established an Executive Compensation Committee. In February 2008, the Board adopted a charter for the Executive Compensation Committee and it began meeting to examine and establish compensation programs for our Chief Executive Officer and other executive officers.

As a result of these efforts, we have begun to examine the objectives of the compensation program. They will likely be designed to attract and retain excellent executives and reward superior executive performance. We believe the market for such talent in our industry is very competitive. Further, any program is likely to include base salary, an annual bonus and other long term incentives. The bonus may be paid in cash or stock or a combination of both. At this Annual Meeting, we are asking our stockholders to approve an omnibus equity plan to enable us to grant equity and equity-types of awards. As part of this effort, we will examine stock grant guidelines, policies and procedures. No performance metrics or goals have been

established yet for us or any individuals with respect to compensation decisions. As a result, we have not decided how to pay each element of compensation and we cannot state how each element will fit into our overall compensation objectives and affect decisions regarding other elements until such decisions are made. In connection with the establishment of our programs, we anticipate reviewing publicly available data on publicly traded real estate investment trusts. We may enter into additional formal employment agreements.

As part of these Executive Compensation Committee deliberations, we have chosen not to hire an outside compensation consultant but will use internal and external resources and other publicly available information. We have in the past employed compensation consultants to provide limited comparative executive peer data. Further, we do not anticipate using any perquisites or other personal benefits as an element of any compensation program as we believe we have been able to obtain high quality executives without paying such amounts. We do provide for medical and 401(k) benefits and propose to continue such benefits. We would expect that our Chief Executive Officer would participate in compensation discussions regarding our other executives. Change in control arrangements will also be examined as part of this process. It is likely that any compensation program will consider the tax and accounting implications to us.

Report of Directors on Compensation

The Executive Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained herein with management. Based on this review and discussion, the Executive Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

The members of the Executive Compensation Committee of our Board are:

Frank A. Catalano, Jr.

Brenda G. Gujral

Richard P. Imperiale

Barbara A. Murphy

2007 Summary Compensation Table

The following table sets forth information with respect to all compensation paid or earned for services rendered to us by the named executive officers during 2007.

Name and Principal Position	Year	Salary (1) (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (2) (\$)	Total (\$)
Michael J. O Hanlon President and Chief Executive Officer	2007	\$ 50,871						\$ 1,000	\$ 51,871
Steven P. Grimes Chief Operating Officer and Chief Financial Officer	2007	\$ 38,178						\$ 1,000	\$ 39,178
Shane C. Garrison Chief Investment Officer	2007	\$ 25,486						\$ 1,000	\$ 26,486
Niall J. Byrne Vice President and President of our Property Managers	2007	\$ 28,659						\$ 1,000	\$ 29,659
Dennis K. Holland General Counsel and Secretary	2007	\$ 28,342						\$ 1,000	\$ 29,342

(1) Amounts reflect salary paid by us for the period from November 15, 2007 through December 31, 2007. Each individual became an employee of ours effective November 15, 2007, and was paid a pro-rata portion of their annual salary by us in accordance with the terms of their respective employment agreements.

(2) Represents company match to 401(k) plan.

Grants of Plan-Based Awards

There were no grants of stock, options or any other plan-based awards made to any named executive officer during 2007.

Outstanding Equity Awards

There were no outstanding options, stock or other equity incentive plan awards held by any named executive officer as of December 31, 2007.

Option Exercises and Stock Vested

There were no exercises of options, SARs or similar instruments, and no vesting of stock, including restricted stock, restricted stock units or similar instruments, by any named executive officer during 2007.

Additional Compensation Tables

All other tables have been omitted because they were not applicable to us in 2007.

Potential Payments upon Termination or Change in Control

Under each of the employment agreements with our executive officers described above under the heading Compensation Discussion and Analysis, if employment is terminated by the individual or by us for any reason, we will pay or provide the individual s: (i) base salary accrued through the termination; (ii) reimbursable expenses; (iii) pro-rated annual bonus, if any; and (iv) any benefits required to be paid or provided under applicable law. None of the individuals is entitled to any other severance under these agreements. Assuming their termination occurred as of December 31, 2007, each named executive officer would be entitled to no severance on such date, assuming their salary until that date was paid.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

All amounts under this heading Certain Relationships and Related Transactions are stated in thousands.

Transactions with Related Parties

Our charter imposes restrictions on transactions between us and IREIC (our sponsor) and any director or their affiliates as follows:

- ***Sales and Leases to Us.*** We will not purchase property from our sponsor, directors or any of their affiliates, unless a majority of our disinterested directors approves it as fair and reasonable for us. The price to us can be no greater than the cost of the asset to our sponsor, director or their affiliate. If our price to us is greater than such cost, there must be substantial, reasonable justification for the excess cost. In no event will our cost for the property exceed its appraised value at the time we acquired it.
- ***Sales and Leases to Sponsor, Director or any Affiliate.*** Our sponsor, directors or any of their affiliates will not acquire assets from us unless a majority of disinterested directors approves the transaction as being fair and reasonable to us. We may lease assets to our sponsor, directors or any of their affiliates, but only if a majority of our disinterested directors approves it as fair and reasonable to us.
- ***Loans.*** We will not make loans to our sponsor, directors or any of their affiliates except where we obtain an appraisal of the underlying property from an independent expert and where the mortgage indebtedness will not exceed the property's appraised value. Also, we may not borrow money from our sponsor, directors or any of their affiliates, unless a majority of our disinterested directors approves the transaction as fair, competitive and commercially reasonable and no less favorable to us than loans between unaffiliated parties under the same circumstances.
- ***Investments.*** We will not invest in joint ventures with our sponsor, directors or any of their affiliates, unless a majority of our disinterested directors approves the transaction as fair and reasonable to us and on substantially the same terms and conditions as those received by the other joint ventures. We will not invest in equity securities unless a majority of our disinterested directors approves the transaction as being fair, competitive and commercially reasonable.
- ***Other Transactions.*** All other transactions between us and our sponsor, directors or any of their affiliates, require approval by a majority of our disinterested directors as being fair and reasonable and on terms and conditions not less favorable to us than those available from unaffiliated third parties.

On November 15, 2007, we acquired our business manager/advisor and property managers in exchange for 37.5 million newly issued shares of our stock. The business manager/advisor and property managers became subsidiaries of ours. As part of the acquisition, we gained 239 experienced employees to perform the business manager/advisor functions and operate the property management companies.

Agreements Terminated Upon Consummation of the Merger

Prior to the merger on November 15, 2007, we paid an advisor asset management fee of not more than 1% of the average invested assets to our business manager/advisor. Average invested asset value is defined as the average of the total book value, including acquired intangibles, of our real estate assets plus our loans receivable secured by real estate, before reserves for depreciation, reserves for bad debt or other similar non-cash reserves. We computed the average invested assets by taking the average of these values at the end of each month for which the fee is being calculated. The fee was payable quarterly in an amount equal to 1/4 of up to 1% of our average invested assets as of the last day of the immediately preceding quarter. Based upon the maximum allowable advisor asset management fee of 1% of our average invested assets, maximum fees of \$68,083, \$74,895 and \$54,993 were allowed for the years ended December 31, 2007, 2006 and 2005, respectively. We incurred actual fees to our former business manager/advisor totaling \$23,750, \$39,500 and \$20,925, which represented 35%, 53% and 38% of the maximum fees allowed, for the years ended December 31, 2007, 2006 and 2005, respectively. The maximum allowable advisor management fee and the advisor asset management fee incurred for the year ended December 31, 2007 were both prorated through November 15, 2007, the date of the merger. As of December 31, 2007 and 2006, none and \$9,000, respectively, remained unpaid and are included in Other liabilities in our consolidated balance

sheets. The business manager/advisor agreed to forego any fees allowed but not taken on an annual basis. Mr. Parks and Ms. Gujral were each an officer and director of the entity which received these fees and were stockholders of the entity which ultimately wholly owns the entity which received these fees.

The business manager/advisor and its related parties were also entitled to reimbursement for general and administrative costs, primarily salaries, relating to our administration and acquisition of properties. For the year ended December 31, 2007, 2006 and 2005, we incurred \$873, \$998 and \$1,096, respectively, of these costs. Of these costs, \$404 and \$152 remained unpaid as of December 31, 2007 and 2006, respectively and are included in Accounts payable and accrued expenses in our consolidated balance sheets.

In 2005, we entered into a subscription agreement with Minto Builders (Florida), Inc., or MB REIT, an entity consolidated by one of our related parties, Inland American Real Estate Trust, Inc., or Inland American, to purchase newly issued Series C preferred shares at a purchase price of \$1,276 per share. Under the agreement, MB REIT had the right to redeem any Series C preferred shares it issued to us with the proceeds of any subsequent capital contributed by Inland American. MB REIT was required to redeem any and all outstanding Series C preferred shares held by us by December 31, 2006 and did so during the fourth quarter of 2006. The Series C preferred shares, while outstanding, entitled us to an annual dividend equal to 7.0% on the face amount of the Series C preferred shares, which was payable monthly. We evaluated our investment in MB REIT under FIN 46(R) and determined that MB REIT was a variable interest entity but that we were not the primary beneficiary. Due to our lack of influence over the operating and financial policies of the MB REIT, this investment is accounted for under the cost method in which investments are recorded at their original cost. As of December 31, 2005, we had invested \$224,003 in these shares. An additional \$40,000 was invested during 2006 and the total of \$264,003 was redeemed during the fourth quarter of 2006. We earned \$16,489 and \$2,100 in dividend income related to this investment during the years ended December 31, 2006 and 2005, respectively. None of the dividend remained unpaid as of December 31, 2006. Mr. Parks is the Chairman of the Board, a director and stockholder of Inland American. Ms. Gujral is President, a director and a stockholder of Inland American.

We entered into an arrangement with Inland American whereby we were paid to guarantee customary non-recourse carve out provisions of Inland American's financings until such time as Inland American reached a net worth of \$300,000. We evaluated the accounting for the guarantee arrangements under FIN 45: *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*, and recorded the fair value of the guarantees and amortized the liability over the guarantee period of one year. The fee arrangement called for a fee of \$50 annually for loans equal to and in excess of \$50,000 and \$25 annually for loans less than \$50,000. We recorded fees totaling \$149 for the year ended December 31, 2006, all of which had been received as of that date. We were released from all our obligations under this arrangement during 2006.

Agreements Surviving Merger

The property managers were entitled to receive property management fees totaling 4.5% of gross operating income, for management and leasing services through November 15, 2007, the date of the merger. We incurred property management fees of \$30,036, \$29,800 and \$20,686 for the years ended December 31, 2007, 2006 and 2005, respectively. In addition, we reimbursed the property managers for certain salaries and related employee benefits totaling \$5,423, \$5,313 and \$2,268 for the years ended December 31, 2007, 2006 and 2005, respectively. No amounts remained unpaid as of December 31, 2007 and 2006. Subsequent to the mergers, the property managers are entitled to receive property management fees totaling 4.5% of gross operating income, for management and leasing services, all of which are eliminated in our consolidated financial statements. Mr. Parks and Ms. Gujral were each stockholders of the entity which received these fees.

A related party also provides investment advisory services to us related to our securities investments for an annual fee. The affiliate has full discretionary authority with respect to the investment and reinvestment of assets in that account, subject to investment guidelines we provide to them. The affiliates have also been granted a power of attorney and proxy to tender or direct the voting or tendering of all investments held in

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the account. The fee is incremental based upon the aggregate market value of assets invested. Based upon our assets invested, the fee was equal to 0.75% per annum (paid monthly) of aggregate market value of assets invested. We incurred fees totaling \$2,107, \$1,961 and \$536 for the years ended December 31, 2007, 2006 and 2005, respectively. As of December 31, 2007 and 2006, \$325 and \$362, respectively, remained unpaid and are included in Accounts payable and accrued expenses in our consolidated balance sheets. The agreement is non-exclusive as to both parties and is cancellable by providing not less than 180 days prior written notice and specification of the effective date of said termination. Mr. Parks and Ms. Gujral are each directors and Ms. Gujral is an officer in the entity which receives these fees. Mr. Parks and Ms. Gujral are each a stockholder and Mr. Parks is director of the entity which ultimately wholly owns the entity which receives these fees.

A related party provides loan servicing for us. Effective May 1, 2005, the loan servicing agreement stipulated that if the number of loans being serviced exceeded one hundred, a monthly fee was charged in the amount of 190 dollars per month, per loan being serviced. Effective April 1, 2006, the agreement was amended so that if the number of loans being serviced exceeded one hundred, a monthly fee of 150 dollars per month, per loan was charged. Effective May 1, 2007, the agreement was again amended so that if the number of loans being serviced exceeds two hundred, a monthly fee of 125 dollars per month, per loan is charged. Such fees totaled \$562, \$696 and \$534 for the years ended December 31, 2007, 2006 and 2005, respectively. As of December 31, 2007 and 2006, none and \$24, respectively, remained unpaid and are included in

Accounts payable and accrued expenses in our consolidated balance sheets. The agreement is non-exclusive as to both parties and is cancellable by providing not less than 180 days prior written notice and specification of the effective date of such termination. Mr. Parks and Ms. Gujral are each a stockholder and Mr. Parks is a director of the entity which ultimately wholly owns the entity which receives these fees.

A related party facilitates the mortgage financing we obtain on some of our properties. We pay the related party 0.2% of the principal amount of each loan obtained on our behalf. Such costs are capitalized as loan fees and amortized over the respective loan term as a component of interest expense. For the years ended December 31, 2007 and 2006, we paid loan fees totaling \$873 and \$1,051, respectively, to this related party. As of December 31, 2007 and 2006, none remained unpaid. The agreement is non-exclusive as to both parties and is cancellable by providing not less than 180 days prior written notice and specification of the effective date of such termination. Mr. Parks and Ms. Gujral are each a stockholder and Mr. Parks is a director of the entity which ultimately wholly owns the entity which receives these fees.

Agreements Entered Into Upon Consummation of Merger

We terminated our existing acquisition agreement with a related party and entered into a new property acquisition agreement and a transition property due diligence services agreement with that related party. In connection with our acquisition of new properties, the related party will give us a first right as to all retail, mixed use and single tenant properties and, if requested, provide various services including services to negotiate property acquisition transactions on our behalf and prepare suitability, due diligence, and preliminary and final pro forma analyses of properties proposed to be acquired. We will pay all reasonable, third party out-of-pocket costs incurred by this entity in providing such services; pay an overhead cost reimbursement of \$12 per transaction; and, to the extent these services are requested by us, pay a cost of \$7 for due diligence expenses and a cost of \$25 for negotiation expenses per transaction. As of December 31, 2007, we have not incurred any such costs under the new agreement. For the year ended December 31, 2007, 2006 and 2005 we incurred \$134, \$363 and \$1,184, respectively, of these costs. Of these costs, \$27 and \$25 remained unpaid as of December 31, 2007 and 2006, respectively and are included in Accounts payable and accrued expenses in our consolidated balance sheets. The agreement is non-exclusive as to both parties and is cancellable by providing not less than 180 days prior written notice and specification of the effective date of said termination. Mr. Parks and Ms. Gujral are each a stockholder and Mr. Parks is a director of the entity which ultimately wholly owns the entity which receives these fees.

We entered into an institutional investor relationships services agreement with a related party. Under the terms of the agreement, the related party will attempt to secure institutional investor commitments in exchange for advisory and client fees and reimbursement of project expenses. For the year ended December 31, 2007, 2006 and 2005, we incurred \$257, \$137 and none, respectively, of these costs. Of these costs, none and \$137 remained unpaid as of December 31, 2007 and 2006, respectively and are included in Accounts payable and accrued expenses in our consolidated balance sheets. The agreement is non-exclusive as to both parties and is cancellable by providing not less than 180 days prior written notice and specification of the effective date of said termination. Mr. Parks and Ms. Gujral are each a stockholder and Mr. Parks is a director of the entity which ultimately wholly owns the entity which receives these fees.

A related party also entered into a legal services agreement with us, primarily with our business manager/advisor, where that related party will provide us with certain legal services in connection with our real estate business. We will pay the related party for legal services rendered under the agreement on the basis of actual time billed by attorneys and paralegals at the related party's hourly billing rate then in effect in increments of one-tenth of one hour. The billing rate is subject to change on an annual basis, provided, however, that the billing rates charged by the related party will not be greater than the billing rates charged to any other client and will not be greater than 90% of the billing rate of attorneys of similar experience and position employed by nationally recognized law firms located in Chicago, Illinois performing similar services. For the

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year ended December 31, 2007, 2006 and 2005, we incurred \$897, \$705 and \$1,884, respectively, of these costs. Of these costs, \$141 and \$150 remained unpaid as of December 31, 2007 and 2006, respectively and are included in Accounts payable and accrued expenses in our consolidated balance sheets. The agreement is non-exclusive as to both parties and is cancellable by providing not less than 180 days prior written notice and specification of the effective date of said termination.

Mr. Parks and Ms. Gujral are each a stockholder and Mr. Parks is a director of the entity which ultimately wholly owns the entity which receives these fees.

We entered into consulting agreements with Daniel L. Goodwin, Robert D. Parks, our chairman, and G. Joseph Cosenza, who will each provide with us with strategic assistance for the term of their respective agreement including making recommendations and providing guidance to us as to prospective investment, financing, acquisition, disposition, development, joint venture and other real estate opportunities contemplated from time to time by us and our Board. The consultants will also provide additional services as may be reasonably requested from time to time by our Board. The term of each agreement runs until November 15, 2010 unless terminated earlier. We may terminate these consulting agreements at any time. The consultants will not receive any compensation for their services, but we will reimburse their expenses in fulfilling their duties under the consulting agreements. There were no reimbursements under the consulting agreements in 2007.

We entered into amendments to each of our existing service agreements with certain related parties, including an amendment to our office and facilities management services agreement, insurance and risk management services agreement, computer services agreement, personnel services agreement, property tax services agreement and communications services agreement. Generally these agreements and the amendments provide that we can obtain certain services from the related parties for reimbursement of their general and administrative costs relating to our administration and acquisition of properties. For the year ended December 31, 2007, 2006 and 2005, we incurred \$3,092, \$1,334 and \$945, respectively, of these costs. Of these costs, \$900 and \$203 remained unpaid as of December 31, 2007 and 2006, respectively and are included in Accounts payable and accrued expenses in our consolidated balance sheets. The amendments provide that the services provided under the terms of the applicable services agreements are to be provided on a non-exclusive basis in that we shall be permitted to employ other parties to perform any one or more of the services and that the applicable counterparty shall be permitted to perform any one or more of the services to other parties. The agreement and related amendments have various expiration dates but are cancellable by providing not less than 180 days prior written notice and specification of the effective date of such termination. Mr. Parks and Ms. Gujral are each a stockholder and Mr. Parks is a director of the entity which ultimately wholly owns the entity which receives these fees.

We sub lease our office space from a related party. The lease calls for annual base rent of \$496 and additional rent in any calendar year of its proportionate share of taxes and common area maintenance costs. Additionally, the related party paid certain tenant improvements under the lease in the amount of \$395. Such improvements are being repaid by us over a period of five years. The sublease calls for an initial term of five years which expires November 2012 with one option to extend for an additional five years. Ms. Gujral is an officer and director and Mr. Parks is a director of the entity which receives these fees. Mr. Parks and Ms. Gujral are each a stockholder and Mr. Parks is a director of the entity which ultimately wholly owns the entity which receives these fees.

In connection with the internalization, Messrs. Parks and Grimes and Ms. Gujral received shares of our common stock valued at approximately \$6.8 million, \$0.38 million and \$1.3 million, respectively, as a result of each of them being stockholders of one or more of the companies we acquired.

Mr. Masick is a partner with Wolf & Company LLP, a certified public accounting firm. During 2007, Wolf & Company LLP provided approximately \$268,000 in audit services for The Inland Group Inc., including audit services for our property managers (which at the time were owned primarily by individuals that were affiliates of The Inland Group Inc.), which property managers were recently acquired by us. Wolf & Company LLP is no longer engaged as the external auditing firm for our property management subsidiaries.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of July 15, 2008 regarding the number and percentage of shares beneficially owned by: (i) each director and nominee; (ii) each named executive officer; (iii) all directors and executive officers as a group; and (iv) any person known to us to be the beneficial owner of more than 5% of our outstanding shares. As of July 15, 2008 we had over 111,000 stockholders of record and 482,157,161 shares of common stock outstanding.

Name and Address of Beneficial Owner (1)	Number Of Shares Beneficially Owned (2)	Percent of Class
Daniel L. Goodwin	31,381,688.2434 (3)	6.5 %
Robert D. Parks	851,200.4223 (4)	*
Brenda G. Gujral	128,301.2880	*
Kenneth H. Beard	67,245.7818 (5)	*
Frank A. Catalano, Jr.	7,356.2882 (5)	*
Paul R. Gauvreau	115,731.8440 (5)	*
Gerald M. Gorski	6,532.4664 (5)	*
Richard P. Imperiale	1,666.0000 (6)	*
Kenneth E. Masick	1,666.0000 (6)	*
Barbara A. Murphy	4,000.0000 (5)	*
Michael J. O Hanlon		*
Steven P. Grimes	38,295.0000	*
Shane C. Garrison		*
Niall J. Byrne		*
Dennis K. Holland	6,207.0000	
James W. Kleifges		*
All directors and executive officers as a group (15 persons)	1,228,202.0907	*

* Less than 1%

(1) The address of each of the persons listed above is 2901 Butterfield Road, Oak Brook, IL 60523.

(2) Beneficial ownership includes outstanding shares and shares which are not outstanding that any person has the right to acquire within 60 days after the date of this table. However, any such shares which are not outstanding are not deemed to be outstanding for the purpose of computing the percentage of outstanding shares beneficially owned by any other person. Except as indicated in the footnotes to this table and pursuant to applicable community property laws, the persons named in the table have sole voting and investing power with respect to all shares beneficially owned by them.

(3) Includes 122,710.1174 shares held jointly by Mr. Goodwin and his spouse. Also includes 10,312,500.0000, 8,437,500.0000, 215,530.7270 and 27,452.733 shares of common stock owned by Inland Corporate Holdings Corporation, Inland Funding Corporation, IREIC and Partnership Ownership Corporation, respectively.

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(4) Includes 41,894.7360 shares owned by trusts for the benefit of Mr. Parks. Mr. Parks is a control person of these trusts and disclaims beneficial ownership of the shares owned by these trusts.

(5) Includes 4,000 shares issuable upon exercise of options granted under our independent director stock option plan, to the extent that such options are currently exercisable or will become exercisable within 60 days after the date of this table.

(6) Includes 1,666 shares issuable upon exercise of options granted under our independent director stock option plan, to the extent that such options are currently exercisable or will become exercisable within 60 days after the date of this table.

Equity Compensation Plan Information

The following table sets forth the following information as of December 31, 2007: (i) the number of shares of our common stock to be issued upon the exercise of outstanding options, warrants and rights, (ii) the weighted-average exercise price of such options, warrants and rights and (iii) the number of shares of our common stock remaining available for future issuance under our equity compensation plans, other than the outstanding options, warrants and rights described above.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in Column (a))
Equity Compensation Plans Approved by Security Holders			
Equity Compensation Plans Not Approved by Security Holders	25,000	\$ 9.16	50,000

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our officers and directors, and persons who own more than 10% of our outstanding shares, to file statements of beneficial ownership and changes in beneficial ownership of our shares with the SEC and to furnish us with copies of all statements they file. Based solely on a review of the forms we have received and on written representations from certain reporting persons that no such forms were required for them, we believe that during 2007 all Section 16 filing requirements applicable to our officers, directors and greater than 10% beneficial owners were complied with by such persons.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

One or more representatives of KPMG LLP, our independent registered public accounting firm for 2007, are expected to be present at the Annual Meeting. They will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions. We have not engaged KPMG as our independent registered public accounting firm for the 2008 calendar year as our Audit Committee will review the terms of the proposed services for 2008 in the third quarter of 2008.

Principal Accounting Fees and Services

The following table presents fees for professional audit services rendered by KPMG LLP for the audit of our annual financial statements for 2007 and 2006, and fees for other services rendered by it:

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	Fiscal Year 2007		Fiscal Year 2006	
Audit Fees (1)	\$	964,000	\$	882,700
Audit Related Fees (2)				
Tax Fees (3)		308,360		278,020
Total Fees	\$	1,272,360	\$	1,160,720

-
- (1) Audit fees include the financial statement and internal controls over financial reporting audit fees.
- (2) Audit related fees include the review of documents and issuance of accountant's consent related to documents filed with the SEC and audits related to Rule 3-14 of Regulation S-X.
- (3) Tax fees consist of fees for review of federal and state income tax returns.

The Audit Committee reviews and approves in advance the terms of and compensation for both audit and nonaudit services to be provided by KPMG LLP. This duty has been delegated to the Chairman of the Audit Committee with any such preapproval reported to the Audit Committee at its next regularly scheduled meeting. Approval of nonaudit services will be disclosed in periodic reports required by Section 13(a) of the Exchange Act. Prohibited non-audit services shall be as set forth in the rules promulgated by the SEC, including: (i) bookkeeping or other services related to the accounting records or financial statements of the audit client; (ii) financial information systems design and implementation; (iii) appraisal or valuation services, providing fairness opinions or preparing contribution-in-kind reports; (iv) actuarial services; (v) internal audit outsourcing services; (vi) management functions or human resources; (vii) broker or dealer, investment advisor or investment banking services; (viii) legal services and expert services unrelated to the audit; and (ix) any other service that the Public Company Accounting Oversight Board prohibits through regulation.

The Audit Committee approved 100% of the fees described above.

**ESTABLISHMENT OF THE INLAND WESTERN RETAIL REAL ESTATE TRUST, INC. 2008 LONG-TERM EQUITY
COMPENSATION PLAN**

PROPOSAL NO. 2: APPROVAL OF THE ESTABLISHMENT OF THE INLAND WESTERN RETAIL REAL ESTATE TRUST, INC. 2008 LONG-TERM EQUITY COMPENSATION PLAN.

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Our success depends, in large measure, on our ability to recruit and retain key employees with outstanding ability and experience. Our Board also believes there is a need to align stockholder and employee interests by encouraging employee stock ownership and to motivate employees with compensation conditioned upon achievement of our financial goals.

In order to accomplish these objectives, our Board has adopted the Inland Western Retail Real Estate Trust, Inc. 2008 Long Term Equity Compensation Plan, which we refer to as the ECP. The ECP is being presented to stockholders for approval in order to assure federal income tax deductibility of certain amounts paid under the ECP to certain executives.

Summary Description of the ECP

The following summary of the terms of the ECP is qualified in its entirety by reference to the text of the plan, which is attached as Appendix A to this proxy statement. The ECP was adopted effective as of May 13, 2008 subject to your approval.

Administration

The ECP is administered by the Executive Compensation Committee of the Board of Directors.

Eligibility

Our officers and key employees, and those of our subsidiaries, are eligible to participate in the ECP. More than 280 of our and our subsidiaries employees are presently eligible to participate. However, because the ECP provides for broad discretion in selecting participants and in making awards, the total number of persons who will participate and the respective benefits to be accorded to them cannot be determined at this time.

Stock Available for Issuance Through the ECP

The ECP provides for a number of forms of stock based compensation, as further described below. Up to 10,000,000 shares of our common stock, par value \$.001 per share, are authorized for issuance through the ECP. Shares issued under the ECP may be either authorized but unissued shares (subject to a maximum of 10,000,000 shares), treasury shares, or any combination thereof. Provisions in the ECP permit the reuse or reissuance by the ECP of shares of common stock underlying canceled, expired, or forfeited awards of stock based compensation. Our stock is not traded on any national securities exchange.

Stock based compensation will typically be issued in consideration for the performance of services to us. At the time of exercise, the full exercise price for a stock option must be paid in cash or, if the Executive Compensation Committee so provides, in shares of common stock, by cashless exercise or by any other means designated by the Executive Compensation Committee.

Description of Awards under the Plan

The Executive Compensation Committee may award to eligible employees incentive and nonqualified stock options, stock appreciation rights, restricted stock, and performance units/performance shares. As separately described below under Performance Measures, the Executive Compensation Committee may also grant awards subject to satisfaction of specific performance goals. The forms of awards are described in greater detail below.

Stock Options. The Executive Compensation Committee has discretion to award incentive stock options, or ISOs, which are intended to comply with Section 422 of the Internal Revenue Code, or nonqualified stock options, or NQSOs, which are not intended to comply with Section 422 of the Internal Revenue Code. Each option issued under the ECP must be exercised within a period of ten years from the date of the grant, and the exercise price of an option may not be less than the fair market value of the underlying shares of common stock on the date of grant. If an award of stock options or stock

appreciation rights is intended to qualify as performance based compensation under Internal Revenue Code Section 162(m), the maximum number of shares which may be subject to stock options with or without tandem stock appreciation rights, or freestanding stock appreciation rights, granted in any calendar year to any one participant is 100,000. Subject to the specific terms of the ECP, the Executive Compensation Committee will have discretion to set such additional limitations on such grants as it deems appropriate.

Options granted to employees under the ECP will expire at such times as the Executive Compensation Committee determines at the time of the grant; provided, however, that no option will be exercisable later than ten years from the date of grant. Each option award agreement will set forth the extent to which the participant will have the right to exercise the option following termination of the participant's employment with us. The termination provisions will be determined within the discretion of the Executive Compensation Committee, may not be uniform among all participants and may reflect distinctions based on the reasons for termination of employment.

Upon the exercise of an option granted under the ECP, the option price is payable in full to us, either: (a) in cash or its equivalent, or (b) if permitted in the award agreement, by tendering shares having a fair market value at the time of exercise equal to the total option price (provided such shares have been held for at least six months prior to their tender), (c) by withholding shares which otherwise would be acquired on exercise having a fair market value at the time of exercise equal to the total option price, (d) by promissory note, or (e) any combination of the foregoing methods of payment. The Executive Compensation Committee may also allow options granted under the ECP to be exercised by a cashless exercise, as permitted under Federal Reserve Board Regulation T, or any other means the Executive Compensation Committee determines to be consistent with the ECP's purpose and applicable law.

Stock Appreciation Rights. The Executive Compensation Committee may also award stock appreciation rights, or SARs, under the ECP upon such terms and conditions as it shall establish. The exercise price of a freestanding SAR shall equal the fair market value of a share of common stock on the date of grant while the exercise price of a tandem SAR issued in connection with a stock option shall equal the option price of the related option. If an award of SARs is intended to qualify as performance based compensation under Internal Revenue Code Section 162(m), the maximum number of shares which may be subject to SARs is described above under *Stock Options*.

Restricted Stock. The Executive Compensation Committee also may award shares of restricted common stock under the ECP upon such terms and conditions as it shall establish. If an award of restricted stock is intended to qualify as performance based compensation under Internal Revenue Code Section 162(m), the maximum number of shares which may be granted in the form of restricted stock in any one calendar year to any one participant is 50,000. The award agreement will specify the period(s) of restriction, the number of shares of restricted common stock granted, restrictions based upon the achievement of specific performance objectives and/or restrictions under applicable federal or state securities laws. Although recipients may have the right to vote these shares from the date of grant, they will not have the right to sell or otherwise transfer the shares during the applicable period of restriction or until earlier satisfaction of other conditions imposed by the Executive Compensation Committee in its sole discretion. Participants may receive dividends on their shares of restricted stock and the Executive Compensation Committee, in its discretion, will determine how any such dividends are to be paid.

Each award agreement for restricted stock will set forth the extent to which the participant will have the right to retain unvested restricted stock following termination of the participant's employment with us. These provisions will be determined in the sole discretion of the Executive Compensation Committee, need not be uniform among all shares of restricted stock issued pursuant to the ECP and may reflect distinctions based on reasons for termination of employment. Except in the case of terminations by reason of death or disability, the vesting of restricted stock which qualifies for performance based compensation under Section 162(m) and which are held by covered employees under

Section 162(m) shall occur at the time it otherwise would have, but for the employment termination.

Performance Units/Shares. The Executive Compensation Committee has the discretion to award performance units and performance shares under the ECP upon such terms and conditions as it shall establish. If an award of performance units or performance shares is intended to qualify as performance based compensation under Internal Revenue Code Section 162(m), the maximum aggregate payout for awards of performance units or performance shares which may be granted in any one calendar year to any one participant shall be the fair market value of 50,000 shares of common stock. Performance units will have an initial value as determined by the Executive Compensation Committee while the performance share will have an initial value equal to one share of common stock. The payout on the number and value of the performance units and performance shares will be a function of the extent to which corresponding performance goals are met.

Performance Measures

The Executive Compensation Committee may grant awards under the ECP to eligible employees subject to the attainment of certain specified performance measures. The number of performance based awards granted to an officer or key employee in any year is determined by the Executive Compensation Committee in its sole discretion.

The value of each performance based award shall be determined solely upon the achievement of certain preestablished objective performance goals during each performance period. The duration of a performance period is set by the Executive Compensation Committee. A new performance period may begin every year, or at more frequent or less frequent intervals, as determined by the Executive Compensation Committee.

The Executive Compensation Committee shall establish, in writing, the objective performance goals applicable to the valuation of performance based awards granted in each performance period, the performance measures which shall be used to determine the achievement of those performance goals, and any formulas or methods to be used to determine the value of the performance based awards.

The value of performance based awards may be based on absolute measures or on a comparison of our financial measures during a performance period to the financial measures of a group of competitors. The performance measures are net income either before or after taxes, market share, customer satisfaction, profits, share price, earnings per share, total shareholder return, return on assets, return on equity, operating income, return on capital or investments, and economic value added.

Following the end of a performance period, the Executive Compensation Committee shall determine the value of the performance based awards granted for the period based on the attainment of the preestablished objective performance goals. The Executive Compensation Committee shall also have discretion to reduce (but not to increase) the value of a performance based award.

The Executive Compensation Committee will certify, in writing, that the award is based on the degree of attainment of the preestablished objective performance goals. As soon as practicable thereafter, payment of the awards to employees, if any, shall be made in the form of shares of common stock or cash, as applicable.

Conditions to Award Payments

All rights of a participant under any award under the ECP will cease on and as of a date on which it is determined by the Executive Compensation Committee that a participant acted in a manner inimical to our best interests. Participants who terminate employment with us for any reason other than death while any award under the ECP remains outstanding, shall receive such shares or benefit only if, during the entire period from his or her date of termination to the date of such receipt, the participant shall (i) consult and cooperate with us on matters under his or her supervision during the participant's employment, and (ii) refrain from engaging in any activity that is directly or indirectly in competition with any activity of ours. In the event a participant fails to comply with such requirement, the participant's rights under any outstanding award shall be forfeited unless otherwise provided by us.

Adjustment and Amendments

The ECP provides for appropriate adjustments in the number of shares of common stock subject to awards and available for future awards in the event of changes in outstanding common stock by reason of a merger, stock split, or certain other events.

The ECP may be modified or amended by the Board at any time and for any purpose which the Board deems appropriate. However, no such amendment shall adversely affect any outstanding awards without the affected holder's consent.

Change in Control

In the event of a change in control, all options and SARs granted under the ECP shall become immediately exercisable, restriction periods and other restrictions imposed on restricted stock which is not performance-based shall lapse, and the target payout opportunities attainable under all outstanding awards of performance-based restricted stock,

performance shares and performance units shall be deemed to have been fully earned for the entire performance period as of the effective date of the change in control. The vesting of such awards shall be accelerated.

Nontransferability

No derivative security (including, without limitation, options) granted pursuant to, and no right to payment under, the ECP shall be assignable or transferable by a participant except by will or by the laws of descent and distribution, and any option or similar right shall be exercisable during a participant's lifetime only by the participant or by the participant's guardian or legal representative. These limitations may be waived by the Executive Compensation Committee, subject to restrictions imposed under the SEC's short swing trading rules and federal tax requirements relating to incentive stock options.

Duration of the Plan

The ECP will remain in effect until all options and rights granted thereunder have been satisfied or terminated pursuant to the terms of the plan, and all performance periods for performance based awards granted thereunder have been completed. However, in no event will an award be granted under the ECP on or after May 13, 2018.

Federal Income Tax Consequences

Options. With respect to options which qualify as ISOs, an ECP participant will not recognize income for federal income tax purposes at the time options are granted or exercised, and we will not be entitled to a deduction with respect to the granting or exercise of such an option except in the limited circumstances discussed below. If the participant disposes of shares acquired by exercise of an ISO either before the expiration of two years from the date the options are granted or within one year after the issuance of shares upon exercise of the ISO, which we refer to as the holding periods, the participant will recognize in the year of disposition: (a) ordinary income, to the extent the lesser of either (1) the fair market value of the shares on the date of option exercise, or (2) the amount realized on disposition, exceeds the option price; and (b) capital gain, to the extent the amount realized on disposition exceeds the fair market value of the shares on the date of option exercise. In addition, if the holding periods are not met, we will be entitled to a deduction corresponding to the ordinary income amount recognized by the participant. If the shares are sold after expiration of the holding periods, the participant generally will recognize capital gain or loss equal to the difference between the amount realized on disposition and the option price.

With respect to NQSOs, the participant will not recognize any income and we will not be entitled to a deduction upon grant of the option. Upon exercise, the participant will recognize ordinary income, and we will be entitled to a corresponding deduction, in an amount equal to the excess of the fair market value of the shares on the date of option exercise over the amount paid by the participant for the shares. Upon a subsequent disposition of the shares received under the option, the participant generally will recognize capital gain or loss to the extent of the difference between the fair market value of the shares at the time of exercise and the amount realized on the disposition.

SARs. The recipient of a grant of SARs will not realize taxable income and we will not be entitled to a federal income tax deduction with respect to such grant on the date of such grant. Upon the exercise of an SAR, the recipient will realize ordinary income, and we will generally be entitled to a corresponding deduction, equal to the amount of cash received.

Restricted Stock. A participant holding restricted stock will, at the time the shares vest, realize ordinary income in an amount equal to the fair market value of the shares and any cash received at the time of vesting, and we will generally be entitled to a corresponding deduction for federal income tax purposes. Dividends paid to the participant on the restricted stock during the restriction period will generally be ordinary income to the participant and deductible as such by us.

Performance Units/Shares. The recipient of a grant of performance units or performance shares will not realize taxable income and we will not be entitled to a deduction with respect to such grant on the date of such grant. Upon the payout of such award, the recipient will realize ordinary income and we will generally be entitled to a corresponding deduction, equal to the amount of cash or stock received.

Section 162(m). Under Section 162(m) of the Internal Revenue Code, compensation paid by us in excess of one million dollars for any taxable year to Covered Employees generally is deductible by us or our affiliates for federal income tax purposes if it is based on our performance, is paid pursuant to a plan approved by our stockholders, and meets certain other requirements. Generally, a Covered Employee under Section 162(m) means the chief executive officer and the four other highest paid executive officers of ours as of the last day of the taxable year.

It is presently anticipated that the Executive Compensation Committee will consist of outside directors as required for purposes of Section 162(m), and that the Executive Compensation Committee will take the effect of Section 162(m), as interpreted under IRS Revenue Ruling 2008-13, into consideration in structuring ECP awards.

Section 409A. Section 409A of the Code, which was added by the American Jobs Creation Act of 2004, provides certain new requirements on non-qualified deferred compensation arrangements. These include new requirements with respect to an individual's election to defer compensation and the individual's selection of the timing and form of distribution of the deferred compensation.

Section 409A, also generally provides that distributions must be made on or following the occurrence of certain events (e.g., the individual's separation from service, a predetermined date, or the individual's death). Section 409A imposes restrictions on an individual's ability to change his or her distribution timing or form after the compensation has been deferred. For certain individuals who are officers, Section 409A requires that such individual's distribution commence no earlier than six months after such officer's separation from service.

Awards granted under the ECP with a deferral feature will be subject to the requirements of Section 409A. If an award is subject to and fails to satisfy the requirements of Section 409A, the recipient of that award may recognize ordinary income on the amounts deferred under the award, to the extent vested, which may be prior to when the compensation is actually or constructively received. Also, if an award that is subject to Section 409A fails to comply with Section 409A's provisions, Section 409A imposes an additional 20% federal income tax on compensation recognized as ordinary income, as well as interest on such deferred compensation.

NEW PLAN BENEFITS

Name and Position	Dollar Value (\$)	Number of Units
Michael J. O'Hanlon President and Chief Executive Officer	*	*
Steven P. Grimes Chief Operating Officer and Chief Financial Officer	*	*
Shane C. Garrison Chief Investment Officer	*	*
Niall J. Byrne Vice President and President of our Property Managers	*	*
Dennis K. Holland General Counsel and Secretary	*	*
Executive Group	*	*
Non-Executive Director Group	N/A	N/A
Non-Executive Officer Employee Group	*	*

* Not determinable at this time as the Executive Compensation Committee has not finalized 2008 compensation.

Vote Required

Provided a quorum is present, the affirmative vote of a majority of the votes cast on the matter at our Annual Meeting is required to approve the establishment of the Inland Western Retail Real Estate Trust, Inc. 2008 Long-Term Equity Compensation Plan.

THE BOARD'S RECOMMENDATION

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE

FOR

THE APPROVAL OF THE ESTABLISHMENT OF THE INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.

2008 LONG-TERM EQUITY COMPENSATION PLAN

AMENDMENT AND RESTATEMENT OF OUR CHARTER

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PROPOSAL NO. 3: APPROVAL OF THE AMENDMENT AND RESTATEMENT OF OUR CHARTER TO REMOVE REFERENCES TO ADVISOR OR SPONSOR OR PROVISIONS GOVERNING OUR RELATIONSHIP WITH OUR ADVISOR OR SPONSOR.

Our Third Articles of Amendment and Restatement, as amended, on file with the Secretary of State of the State of Maryland, governs our corporate activities. Currently, our charter contemplates us being advised and managed by a third party advisor and property managers. As we approved of our internalization at our last 2007 annual meeting and closed that transaction, we will have accomplished the most significant step in achieving our goal of being a self-administered REIT. Accordingly, our Board has adopted an amended and restated charter to ensure that our corporate governance instruments properly reflect the effects of our changing operating structure, by eliminating references in our charter to Advisor or Sponsor or provisions governing our relationship with an Advisor or a Sponsor.

Before you decide how to vote, you should read our amended and restated charter, which we have included as Appendix B. We have marked Appendix B to show the proposed additions and deletions.

A vote to approve this proposal is a vote for each of the amendments to the current charter and a vote against this proposal is a vote against each of the amendments to the current charter. If approved, the amended and restated charter will become effective upon filing with the Maryland Department of Assessments and Taxation.

Vote Required

Provided a quorum is present, the affirmative vote of at least majority of the shares of our common stock issued and outstanding is required to approve the amendment and restatement of our charter as set forth above. For purposes of the vote on the approval, abstentions and broker non-votes will have the effect of a vote against the proposal although, as mentioned, they will count toward the presence of a quorum.

THE BOARD'S RECOMMENDATION

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE

FOR

THE APPROVAL OF THE AMENDMENT AND RESTATEMENT OF OUR CHARTER

MISCELLANEOUS AND OTHER MATTERS

Advance Notice Procedures for Making Director Nominations and Stockholder Proposals

Stockholder proposals for our annual meeting of stockholders to be held in 2009 will not be included in our proxy statement for that meeting unless the proposal is proper for inclusion in our proxy statement and for consideration at the next annual meeting of stockholders and is received by our Secretary at our executive offices located in Oak Brook, Illinois, no later than July 30, 2008. Stockholders must also follow the procedures prescribed in SEC Rule 14a-8 under the Exchange Act.

If the requirements of our bylaws are not followed, the nomination or proposal presented at an annual meeting of stockholders will be out of order and will not be acted upon. Any stockholder desiring a copy of our bylaws will be furnished one without charge upon written request to our Secretary at our principal executive offices. A copy of our bylaws, as amended, is filed as Exhibit 3.2.1 in our annual report on Form 10-K/A for the year ended December 31, 2006, filed on April 27, 2007 and is available at the SEC Internet site (<http://www.sec.gov>).

Multiple Stockholders Sharing an Address

The rules of the SEC permit companies to provide a single copy of an annual report and proxy statement to households in which more than one stockholder resides. This process is known as householding. Stockholders who share an address and who have been previously notified that their broker, bank or other intermediary will be householding their proxy materials will receive only one copy of our proxy statement and Annual Report to Stockholders unless they have affirmatively objected to the householding notice.

Stockholders sharing an address who received only one set of these materials may request a separate copy which will be sent promptly at no cost by writing or calling our Investor Relations department at: Investor Relations, Inland Western Retail Real Estate Trust, Inc., 2901 Butterfield Road, Oak Brook, IL 60523 or by contacting us by telephone at (630) 218-8000. For future annual meetings, a stockholder may request separate annual reports or proxy statements, or may request the householding of such materials, by contacting us as noted above.

Other Matters

As of the date of this proxy statement, the above are the only matters we are aware of that are to be acted upon at the Annual Meeting. If any other matter should properly come before the Annual Meeting for which we did not receive proper notice in accordance with the requirements of our bylaws, as presented above, the persons appointed by your proxy will vote on those matters in accordance with the recommendation of the Board, or, in the absence of such a recommendation, in accordance with their discretion. The affirmative vote of the holders of a majority of the votes cast on any such other matter will be required for approval.

By the order of the Board of Directors,

/s/ Dennis K. Holland

Dennis K. Holland
Secretary

Oak Brook, Illinois

July 21, 2008

YOUR VOTE IS IMPORTANT. THE PROMPT RETURN OF PROXIES, INCLUDING YOUR PROXIES AUTHORIZED VIA THE INTERNET OR VIA TOUCH-TONE TELEPHONE, WILL SAVE US THE EXPENSE OF FURTHER REQUESTS FOR PROXIES. WE ENCOURAGE YOU TO COMPLETE, SIGN, DATE AND RETURN YOUR PROXY CARD PROMPTLY IN THE ENCLOSED ENVELOPE, OR AUTHORIZE YOUR PROXY VIA THE INTERNET OR VIA TOUCH-TONE TELEPHONE, BEFORE THE MEETING, SO THAT YOUR SHARES WILL BE REPRESENTED AND VOTED AT THE MEETING.

Our 2007 Annual Report on Form 10-K, as amended, to stockholders includes our financial statements for the fiscal year ended December 31, 2007, and our Quarterly Report on Form 10-Q includes our financial statements for the period ended March 31, 2008. Only the financial statements included in the 2007 Annual Report are part of the material for the solicitation of proxies.

APPENDIX A

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.

2008 LONG-TERM EQUITY COMPENSATION PLAN

ESTABLISHED AS OF MAY 13, 2008

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INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.

2008 LONG-TERM EQUITY COMPENSATION PLAN

ESTABLISHED AS OF MAY 13, 2008

ARTICLE 1. ESTABLISHMENT, OBJECTIVES AND DURATION

1.1 **ESTABLISHMENT OF THE PLAN.** Inland Western Retail Real Estate Trust, Inc., a Maryland corporation (hereinafter referred to as the **Company**), hereby establishes an incentive compensation plan to be known as the **Inland Western Retail Real Estate Trust, Inc. 2008 Long-Term Equity Compensation Plan** (hereinafter referred to as the **Plan**), as set forth in this document. The Plan permits the grant of Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Performance Shares and Performance Units.

Subject to approval by the **Company** 's stockholders, the Plan shall become effective as of May 13, 2008 (the **Effective Date**) and shall remain in effect as provided in Section 1.3 hereof.

1.2 **OBJECTIVES OF THE PLAN.** The objectives of the Plan are to optimize the profitability and growth of the **Company** through incentives which are consistent with the **Company** 's goals and which link the personal interests of Participants to those of the **Company** 's stockholders; to provide Participants with an incentive for excellence in individual performance; and to promote teamwork among Participants.

1.3 **DURATION OF THE PLAN.** The Plan shall commence on the **Effective Date**, as described in Section 1.1 hereof, and shall remain in effect, subject to the right of the Board of Directors to amend or terminate the Plan at any time pursuant to Article 14 hereof, until all Shares subject to it shall have been purchased or acquired according to the Plan 's provisions. However, in no event may an Award be granted under the Plan on or after May 13, 2018.

ARTICLE 2. DEFINITIONS

Whenever used in the Plan, the following terms shall have the meanings set forth below, and when the meaning is intended, the initial letter of the word shall be capitalized:

2.1 **AFFILIATE** shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations of the Exchange Act.

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- 2.2 **AWARD** means, individually or collectively, a grant under this Plan of Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Performance Shares or Performance Units.
- 2.3 **AWARD AGREEMENT** means an agreement entered into by the Company and each Participant setting forth the terms and provisions applicable to Awards granted under this Plan.
- 2.4 **BENEFICIAL OWNER** or **BENEFICIAL OWNERSHIP** shall have the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.
- 2.5 **BOARD** or **BOARD OF DIRECTORS** means the Board of Directors of the Company.
- 2.6 **CODE** means the Internal Revenue Code of 1986, as amended from time to time.
- 2.7 **COMMITTEE** means any committee appointed by the Board to administer the Plan, as specified in Article 3 herein.
- 2.8 **COMPANY** means INLAND WESTERN RETAIL REAL ESTATE TRUST, INC., a Maryland corporation, including any and all Subsidiaries and Affiliates, and any successor thereto as provided in Article 19 herein.
- 2.9 **COVERED EMPLOYEE** means a Participant who, as of the date of vesting and/or payout of an Award, as applicable, is one of the group of covered employees, as defined in the regulations promulgated under Code Section 162(m), or any successor statute.

2.10 **DIRECTOR** means any individual who is a member of the Board of Directors of the Company or any Subsidiary or Affiliates.

2.11 **DISABILITY** shall have the meaning ascribed to such term in the Participant's governing long-term disability plan, or if no such plan exists, at the discretion of the Committee. Notwithstanding the preceding, with respect to any Award subject to Code Section 409A, a Participant shall be considered Disabled if the Participant

(i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or

(ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering Employees of the Company.

2.12 **EFFECTIVE DATE** shall have the meaning ascribed to such term in Section 1.1 hereof.

2.13