

CHELSEA PROPERTY GROUP INC
Form DEF 14A
December 09, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

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

Filed by the Registrant [X]
Filed by a Party other than the Registrant []

Check the appropriate box:

- [] Preliminary Proxy Statement
- [] Confidential, for Use of the Commission Only
(as permitted by Rule 14a-6(e)(2))
- [X] Definitive Proxy Statement
- [] Definitive Additional Materials
- [] Soliciting Material Pursuant to § 240.14a-11(c) or § 240.14a-12

CHELSEA PROPERTY GROUP, 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):

- [X] No fee required
- [] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

- (1) Title of each class of securities to which transaction applies: _____
- (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 previously paid 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.

- (1) Amount Previously Paid: _____
(2) Form, Schedule or Registration Statement No.: _____
(3) Filing Party: _____
(4) Date Filed: _____

CHELSEA PROPERTY GROUP, INC.

Notice of Special Meeting of Stockholders
to be held January 16, 2003

NOTICE IS HEREBY GIVEN that a Special Meeting of Stockholders of Chelsea Property Group, Inc. (the Company) will be held at the offices of the Company, 103 Eisenhower Parkway, Roseland, New Jersey, on January 16, 2003 at 10:00 in the morning for the following purposes:

1. To authorize and approve an amendment to the Articles of Incorporation of the Company increasing the number of authorized shares of Common Stock of the Company.
2. To authorize and approve an amendment to the Articles of Incorporation of the Company providing that the board of directors, with the approval of a majority of the entire board, and without action by the stockholders, may amend the Articles of Incorporation to increase or decrease the aggregate number of shares of stock of the Company or the number of shares of stock of any class that the Company has authority to issue.
3. To transact such other business as may properly come before the meeting, or any adjournment thereof.

Stockholders of record at the close of business on December 4, 2002, shall be entitled to notice of, and to vote at, the meeting.

By order of the Board of Directors

Denise M. Elmer
Secretary

Dated: December 10, 2002
Roseland, New Jersey

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

**CHELSEA PROPERTY GROUP, INC.
103 EISENHOWER PARKWAY
ROSELAND, NEW JERSEY 07068**

PROXY STATEMENT

The accompanying Proxy is solicited by the Board of Directors of Chelsea Property Group, Inc., a Maryland corporation (the Company), for use at a Special Meeting of Stockholders (the Meeting) to be held on January 16, 2003, at 10:00 in the morning, or any adjournment thereof, at which stockholders of record at the close of business on December 4, 2002 shall be entitled to vote. The cost of solicitation of proxies will be borne by the Company. The Company has retained The Altman Group, Inc. to assist in the solicitation of proxies for a fee estimated at \$10,000, plus out-of-pocket expenses. The Company also may use the services of its Directors, officers, employees and others to solicit proxies, personally or by telephone; arrangements may also be made with brokerage houses and other custodians, nominees, fiduciaries and stockholders of record to forward solicitation material to the beneficial owners of stock held of record by such persons. The Company may reimburse such solicitors for reasonable out-of-pocket expenses incurred by them in soliciting, but no compensation will be paid for their services.

Each proxy executed and returned by a stockholder may be revoked at any time before it is voted by timely submission of written notice of revocation or by submission of a duly executed proxy bearing a later date (in either case directed to the Secretary of the Company) or, if a stockholder is present at the Meeting, he may elect to revoke his proxy and vote his shares personally. The date of this Proxy Statement is the approximate date on which this Proxy Statement and form of Proxy were first sent or given to stockholders.

Stockholders of record may vote either via the Internet or by telephone. Specific instructions to be followed by registered stockholders interested in voting via the Internet or the telephone are shown on the enclosed proxy card. The Internet and telephone voting procedures are designed to authenticate the stockholder's identity and to allow stockholders to vote their shares and confirm that their instructions have been properly recorded.

On December 4, 2002, the Company had outstanding and entitled to vote with respect to all matters to be acted upon at the Meeting 41,459,414 shares of Common Stock. Each holder of Common Stock is entitled to one vote for each share of stock held by such holder. The presence of holders representing a majority of all the votes entitled to be cast at the Meeting will constitute a quorum at the Meeting. In accordance with Maryland law, abstentions, but not broker non-votes, are counted for purposes of determining the presence or absence of a quorum for the transaction of business. Each proposal must receive the affirmative vote of the holders of at least two-thirds of the outstanding shares of Common Stock entitled to vote thereon at the Meeting in order to be approved. Abstentions and broker non-votes are not counted in determining the votes cast with respect to any of the matters submitted to a vote of stockholders. Accordingly, abstentions and broker non-votes will have the same effect as votes against the proposals.

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

**1. AMENDMENT TO ARTICLES OF INCORPORATION INCREASING
AUTHORIZED SHARES**

Pursuant to Article IV of its Restated Articles of Incorporation, as amended, the Company is presently authorized to issue 50,000,000 shares of Common Stock with a par value of \$.01 per share. In May 2002, the Company effected a two-for-one stock split of its Common Stock, but did not at that time double the authorized number of shares of Common Stock. Accordingly, it is proposed to amend paragraph A of Article IV of the Articles of Incorporation of the Company to read as set forth below in order to increase the number of shares of Common Stock which the Company is authorized to issue from 50,000,000 to 100,000,000 shares of Common Stock:

A. The total number of shares of all classes of capital stock that the Corporation shall have authority to issue is 120 million shares, consisting of 100 million shares of Common Stock with a par value of \$.01 per share (the Common Stock), amounting in the aggregate to par value of \$1,000,000, 15 million Excess Shares with a par value of \$.01 per share (the Excess Shares), amounting in the aggregate to par value of \$150,000, and 5 million shares of Preferred Stock with par value of \$.01 per share (the Preferred Stock), amounting in the aggregate to par value of \$50,000.

At December 4, 2002, there were 41,459,414 shares of Common Stock issued and outstanding and 9,459,652 shares were reserved for issuance upon exercise of vested stock options and conversion of limited partnership units. Until the approval of the amendment, certain holders of the units have agreed not to convert their units into Common Stock. As the result, no shares are presently available for future issuance by the Board of Directors.

The Board of Directors believes that it is in the best interests of the Company and its stockholders to increase the number of authorized shares of Common Stock. The increase in authorized shares will provide flexibility with respect to future transactions, including acquisitions of other businesses where the Company would have the option to use its common stock (or securities convertible into or exercisable for common stock) as consideration (rather than cash), financing future growth, financing transactions, stock splits and other corporate purposes. The additional shares will enable the Company to avoid the time consuming and costly need to hold a special meeting of stockholders in every case. The Board of Directors believes that, in the future, occasions may arise where the time required to obtain stockholder approval might adversely delay the Company's ability to enter into a desirable transaction or deny it the flexibility to facilitate the effective use of its securities. Authorized but unissued shares of Common Stock may be used by the Company from time to time as appropriate and opportune situations arise.

Stockholders of the Company will not have any preemptive rights with respect to the additional shares being authorized. No further approval by stockholders would be necessary prior to the issuance of any additional shares of Common Stock, except as may be required by law or applicable New York Stock Exchange rules. In certain circumstances, generally relating to the number of shares to be issued and the identity of the recipient, the rules of the New York Stock Exchange require stockholder authorization in connection with the issuance of such additional shares. Subject to law and the rules of the New York Stock Exchange, the Board of Directors has the sole discretion to issue additional shares of Common Stock on such terms and for such consideration as may be determined by the Board of Directors. The issuance of any additional shares of Common Stock may have the effect of diluting the percentage of stock ownership of the present stockholders of the Company.

2. AMENDMENT TO ARTICLES OF INCORPORATION GRANTING POWER TO BOARD OF DIRECTORS TO INCREASE AUTHORIZED SHARES

In 1999, Maryland law was amended to specifically authorize a company to have a provision in its Articles of Incorporation which eliminates the further requirement to seek stockholder approval for increases in capitalization. The Company believes it is advantageous to avail itself of these benefits. Currently, the Company is required to obtain the approval of its Board of Directors and its stockholders each time it proposes to increase its number of authorized shares of stock.

It is proposed to amend Article V of the Articles of Incorporation of the Company to add a new Paragraph H immediately after the existing Paragraph G to read as set forth below:

"H. Amendments. The Board of Directors, with the approval of a majority of the entire board, and without action by the stockholders, may amend the Articles of Incorporation to increase or decrease the aggregate number of shares of stock of the Corporation or the number of shares of stock of any class that the Corporation has authority to issue."

The Board of Directors believes it is in the best interests of the Company and its stockholders to have the flexibility to increase its authorized shares of capital stock without the time consuming and costly need to hold future special meetings. The Board of Directors believes that, in the future, occasions may arise where the time required to obtain stockholder approval might adversely delay the Company's ability to enter into a desirable transaction or deny it the flexibility to facilitate the effective use of its securities.

The proposals may have anti-takeover effects. While the proposals might have such an effect, the Board of Directors does not intend or view the proposals as anti-takeover measures because of existing provisions in the Company's Articles of Incorporation limiting ownership of its stock in order to maintain its qualification as a REIT under the Internal Revenue Code.

The Board of Directors of the Company recommends a vote FOR the authorization and approval of the proposals.

Security Ownership of Certain Beneficial Owners and Management

As of November 22, 2002, to the knowledge of the Company, the following is a schedule of all persons who beneficially owned more than 5% of the outstanding stock of the Company:

Name and Address -----	Number of Shares Beneficially Owned -----	Percent of Stock -----
Taunus Corporation (1) 31 W. 52nd Street New York, NY 10019	3,878,002	9.4%
Cohen & Steers Realty et al. 757 Third Avenue New York, NY 10017	3,264,550	7.9%
David C. Bloom c/o Chelsea Property Group, Inc. 103 Eisenhower Parkway Roseland, NJ 07068(2)	2,512,922	5.7%

(1) Includes shares owned by RREEF America, L.L.C.

(2) Includes limited partnership interests in the Partnership (the "Units") convertible into shares of Common Stock of the Company and vested options to purchase shares of Common Stock under the Company's stock option plans.

The following table sets forth information concerning the security ownership of directors and executive officers as of November 22, 2002.

Name -----	Number of Shares Beneficially Owned(1) -----	Percent of Stock -----
David C. Bloom(2)	2,512,922	5.7%
William D. Bloom (2)	1,070,470	2.5%
Brendan T. Byrne (2)	48,000	*
Leslie T. Chao(2)	573,760	1.4%
Thomas J. Davis(2)	140,000	*
Robert Frommer(2)	79,560	*
Barry M. Ginsburg(2) (3)	759,916	1.8%
Philip D. Kaltenbacher(2) (4)	799,238	1.9%

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Reuben S. Leibowitz (2) (5)	145,200	*
Michael J. Clarke (2)	78,806	*
Directors and Executive officers as a group (6) (21 persons)	6,682,010	14.0%

* Less than 1%

- (1) Includes Units which are convertible into shares of Common Stock of the Company.
- (2) Includes vested options to purchase shares of Common Stock granted under the Company's stock option plans.
- (3) Includes Units beneficially owned by Mr. Ginsburg's family and trusts for the benefit of Mr. Ginsburg's family.
- (4) Includes 371,862 Units owned by Mr. Kaltenbacher as trustee for his daughters and 2,000 Units owned by Mr. Kaltenbacher's wife, as to which Mr. Kaltenbacher disclaims beneficial ownership.
- (5) Includes 34,000 shares of Common Stock owned by the wife or children of Mr. Leibowitz, by a foundation or by a charitable organization and 4,200 shares owned by the mother-in-law of Mr. Leibowitz. Mr. Leibowitz disclaims beneficial ownership of all these shares.
- (6) Includes Units convertible into 4,323,026 shares of Common Stock and vested options to purchase 1,852,008 shares of Common Stock granted under the Option Plans.

3. OTHER MATTERS

Stockholder Proposals

Proposals of stockholders intended to be presented at the Company's 2003 Annual Meeting of Stockholders must be received by the Company on or prior to December 27, 2002 to be eligible for inclusion in the Company's Proxy Statement and form of Proxy to be used in connection with such meeting.

Other Business

At the date of this Proxy Statement, the only business which the Board of Directors intends to present or knows that others will present at the Meeting is that hereinabove set forth. If any other matter or matters are properly brought before the meeting, or any adjournment thereof, it is the intention of the persons named in the accompanying form of Proxy to vote the Proxy on such matters in accordance with their judgment.

Denise M. Elmer
Secretary

Dated: December 10, 2002

PROXY

CHELSEA PROPERTY GROUP, INC.

SPECIAL MEETING OF STOCKHOLDERS - JANUARY 16, 2003
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned stockholder of CHELSEA PROPERTY GROUP, INC., a Maryland corporation, hereby appoints David C. Bloom, Leslie T. Chao, Michael J. Clarke and Denise M. Elmer, and each of them the proxies of the undersigned with full power of substitution to vote at the Special Meeting of Stockholders of the Company to be held at 10:00 a.m. on January 16, 2003, and at any adjournment or adjournments thereof (the "Meeting"), with all the power which the undersigned would have if personally present, hereby revoking any proxy heretofore given. The undersigned hereby acknowledges receipt of the proxy statement for the Meeting and instructs the proxies to vote as

directed on the reverse side.

The Board of Directors recommends a vote "FOR" Proposals 1 and 2.

CONTINUED AND TO BE SIGNED ON REVERSE SIDE

SEE REVERSE
SIDE

SEE REVERSE
SIDE

DETACH HERE

IXI Please mark
vote as in this
Example

THIS PROXY, WHEN PROPERLY SIGNED, WILL BE VOTED IN THE MANNER DIRECTED. IF NO SPECIFICATION IS MADE, THIS PROXY WILL BE VOTED FOR THE AMENDMENTS TO THE ARTICLES OF INCORPORATION AND IN THE DISCRETION OF THE PROXY HOLDERS AS TO ANY OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING.

- 1. To approve the increase in the number of shares of Common Stock FOR AGAINST ABSTAIN
- 2. To approve the amendment authorizing the Board to increase capital stock. FOR AGAINST ABSTAIN
- 3. With discretionary authority upon such other matters as may properly come before this meeting. FOR AGAINST ABSTAIN

MARK HERE IF YOU
PLAN
TO ATTEND THE
MEETING

MARK HERE FOR
ADDRESS
CHANGE AND NOTE AT
LEFT

Please sign exactly as your name appears on this proxy card.
When signing as attorney, executor, trustee or guardian, please give your full title.

Signature _____ Date _____