TAUBMAN CENTERS INC
Form 10-Q/A
August 14, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q/A

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended: June 30, 2002
Commission File No. 1-11530

Taubman Centers, Inc.

(Exact name of registrant as specified in its charter)

Michigan	38-2033632
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

200 East Long Lake Road, Suite 300, P.O. Box 200, Bloomfield Hills, Michigan
(Address of principal executive offices)

(248) 258-6800
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to b
13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for suc
that the registrant was required to file such reports), and (2) has been subject to such filing
the past 90 days.

Yes X . No .

As of August 9, 2002, there were outstanding 51,148,135 shares of the Company's commo
$0.01 per share.

PART 1. FINANCIAL INFORMATION

This amendment to Form 10-Q for the period ended June 30, 2002 is being filed to update Note
Consolidated Financial Statements with respect to a lawsuit that was received by the Compa
Form 10-Q was filed. Also, a cross reference to Note 9 was made in Management's Discussion
Financial Condition and Results of Operations - Results of Operations - New Center Openings.

Item 1. Financial Statements.

The following consolidated financial statements of Taubman Centers, Inc. (the Company) are pr

the requirements of this item.

Consolidated Balance Sheet as of June 30, 2002 and December 31, 2001.............................
Consolidated Statement of Operations and Comprehensive Income for the three months ended June 30, 2002 and 2001...
Consolidated Statement of Operations and Comprehensive Income for the six months ended June 30, 2002 and 2001...
Consolidated Statement of Cash Flows for the six months ended June 30, 2002 and 2001 ....
Notes to Consolidated Financial Statements...

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TAUBMAN CENTERS, INC.

CONSOLIDATED BALANCE SHEET
(in thousands, except share data)

	June 30 2002
Assets:	
Properties	$ 2,156,166
Accumulated depreciation and amortization	(359,048)
	$ 1,797,118
Investment in Unconsolidated Joint Ventures (Note 6)	170,357
Cash and cash equivalents	72,658
Accounts and notes receivable, less allowance for doubtful accounts of $5,729 and $5,345 in 2002 and 2001	28,709
Accounts and notes receivable from related parties	13,326
Deferred charges and other assets	42,705
	$ 2,124,873
Liabilities:	
Notes payable	$ 1,465,530
Accounts payable and accrued liabilities	145,655
Dividends and distributions payable	19,435
	$ 1,630,620
Commitments and Contingencies (Note 9)	
Preferred Equity of TRG (Note 1)	$ 97,275
Partners' Equity of TRG allocable to minority partners (Note 1)	
Shareowners' Equity:	
Series A Cumulative Redeemable Preferred Stock, $0.01 par value, 8,000,000 shares authorized, $200 million liquidation preference, 8,000,000 shares issued and outstanding at June 30, 2002 and December 31, 2001	$ 80
Series B Non-Participating Convertible Preferred Stock, $0.001 par and liquidation value, 40,000,000 shares authorized and 31,767,066 shares issued and outstanding at June 30, 2002 and December 31, 2001	32
Series C Cumulative Redeemable Preferred Stock, $0.01 par value, 2,000,000 shares authorized, $75 million	

liquidation preference, none issued	
Series D Cumulative Redeemable Preferred Stock, $0.01 par value, 250,000 shares authorized, $25 million liquidation preference, none issued	
Common Stock, $0.01 par value, 250,000,000 shares authorized, 51,121,140 and 50,734,984 issued and outstanding at June 30, 2002 and December 31, 2001	511
Additional paid-in capital	678,562
Accumulated other comprehensive income (Note 2)	(9,102)
Dividends in excess of net income	(273,105)
	$ 396,978
	$ 2,124,873

See notes to consolidated financial statements.

TAUBMAN CENTERS, INC.

CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME
(in thousands, except share data)

	Three Months Ende
	2002
Income:	
Minimum rents	$ 46,739
Percentage rents	629
Expense recoveries	29,621
Revenues from management, leasing and development services	5,735
Other	7,347
	$ 90,071
Operating Expenses:	
Recoverable expenses	$ 25,905
Other operating	6,351
Charge related to technology investments (Note 5)	8,125
Management, leasing and development services	5,151
General and administrative	5,445
Interest expense	20,764
Depreciation and amortization	20,218
	$ 91,959
Income (loss) before equity in income of Unconsolidated Joint Ventures, discontinued operations, and minority and preferred interests	$ (1,888)

Equity in income of Unconsolidated Joint Ventures (Note 6)	4,740
Income before discontinued operations and minority and preferred interests	$ 2,852
Discontinued operations (Note 3):	
Income from operations	979
Gain on disposition of interest in center	9,975
Income before minority and preferred interests	$ 13,806
Minority interest in consolidated joint ventures	435
Minority interest in TRG:	
TRG income allocable to minority partners	(4,997)
Distributions in excess of earnings allocable to minority partners	(3,148)
TRG Series C and D preferred distributions (Note 1)	(2,250)
Net income	$ 3,846
Series A preferred dividends	(4,150)
Net income (loss) allocable to common shareowners	$ (304)
Net income	$ 3,846
Other comprehensive income (loss) (Note 2):	
Unrealized gain (loss) on interest rate instruments	(6,508)
Reclassification adjustment for amounts recognized in net income	176
Comprehensive income (loss)	$ (2,486)
Basic income (loss) per common share (Note 10):	
Income (loss) from continuing operations	$ (0.11)
Net income (loss)	$ (0.01)
Diluted income (loss) per common share (Note 10):	
Income (loss) from continuing operations	$ (0.11)
Net income (loss)	$ (0.01)
Cash dividends declared per common share	$ .255
Weighted average number of common shares outstanding	51,076,901

See notes to consolidated financial statements.

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TAUBMAN CENTERS, INC.

CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME
(in thousands, except share data)

Six Months Ended

2002

Income:	
Minimum rents	$ 93,489
Percentage rents	1,694
Expense recoveries	57,396
Revenues from management, leasing and development services	10,863
Other	13,251
	$ 176,693
Operating Expenses:	
Recoverable expenses	$ 49,291
Other operating	16,307
Charge related to technology investments (Note 5)	8,125
Management, leasing and development services	10,044
General and administrative	10,365
Interest expense	41,393
Depreciation and amortization	40,921
	$ 176,446
Income before equity in income of Unconsolidated Joint Ventures, discontinued operations, cumulative effect of change in accounting principle and minority and preferred interests	$ 247
Equity in income before cumulative effect of change in accounting principle of Unconsolidated Joint Ventures (Note 6)	10,877
Income before discontinued operations, cumulative effect of change in accounting principle, and minority and preferred interests	$ 11,124
Discontinued operations (Note 3):	
Income from operations	2,723
Gain on disposition of interests in centers	12,024
Cumulative effect of change in accounting principle (Note 2)	
Income before minority and preferred interests	$ 25,871
Minority interest in consolidated joint ventures	646
Minority interest in TRG:	
TRG income allocable to minority partners	(9,537)
Distributions in excess of earnings allocable to minority partners	(6,768)
TRG Series C and D preferred distributions (Note 1)	(4,500)
Net income	$ 5,712
Series A preferred dividends	(8,300)
Net loss allocable to common shareowners	$ (2,588)
Net income	$ 5,712
Other comprehensive income (loss) (Note 2):	
Cumulative effect of change in accounting principle	
Unrealized gain (loss) on interest rate instruments	(6,335)
Reclassification adjustment for amounts recognized in net income	352
Comprehensive income (loss)	$ (271)
Basic loss per common share (Note 10):	
Loss from continuing operations	$ (0.17)
Net loss	$ (0.05)

Diluted loss per common share (Note 10):	
Loss from continuing operations	$ (0.17)
Net loss	$ (0.06)
Cash dividends declared per common share	$ .51
Weighted average number of common shares outstanding	50,980,530

See notes to consolidated financial statements.

TAUBMAN CENTERS, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)

	Six Months Ende
	2002
Cash Flows from Operating Activities:	
Income before minority and preferred interests	$ 25,871
Adjustments to reconcile income before minority and preferred interests to net cash provided by operating activities:	
Depreciation and amortization of continuing operations	40,921
Depreciation and amortization of discontinued operations	461
Charge related to technology investments	8,125
Provision for losses on accounts receivable	1,768
Gains on sales of land	(4,246)
Gain on disposition of interests in centers	(12,024)
Cumulative effect of change in accounting principle	
Other	2,026
Increase (decrease) in cash attributable to changes in assets and liabilities:	
Receivables, deferred charges and other assets	2,702
Accounts payable and other liabilities	(9,800)
Net Cash Provided By Operating Activities	$ 55,804
Cash Flows from Investing Activities:	
Additions to properties	$ (62,410)
Proceeds from sales of land	6,070
Investment in technology businesses	(4,090)
Net proceeds from dispositions of interests in centers	76,446
Acquisition of interests in Unconsolidated Joint Ventures	(45,203)
Contributions to Unconsolidated Joint Ventures	
Distributions from Unconsolidated Joint Ventures in excess of income before cumulative effect of change in accounting principle	20,103

Net Cash Used in Investing Activities	$ (9,084)
Cash Flows from Financing Activities:	
Debt proceeds	$ 49,065
Debt payments	(6,776)
Debt issuance costs	
Repurchases of common stock	
Distributions to minority and preferred interests	(18,555)
Issuance of stock pursuant to Continuing Offer	4,515
Cash dividends to Series A preferred shareowners	(4,150)
Cash dividends to common shareowners	(25,950)
Net Cash Provided By (Used In) Financing Activities	$ (1,851)
Net Increase in Cash and Cash Equivalents	$ 44,869
Cash and Cash Equivalents at Beginning of Period	27,789
Cash and Cash Equivalents at End of Period	$ 72,658

See notes to consolidated financial statements.

TAUBMAN CENTERS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Interim Financial Statements

Taubman Centers, Inc. (the Company or TCO), a real estate investment trust, or REIT, is th partner of The Taubman Realty Group Limited Partnership (the Operating Partnership or TRG Partnership is an operating subsidiary that engages in the ownership, management, leas development, and expansion of regional retail shopping centers and interests therein Partnership's portfolio as of June 30, 2002 included 19 urban and suburban shopping centers in additional centers are under construction, one in Florida and one in Virginia.

The consolidated financial statements of the Company include all accounts of the Compan Partnership and its consolidated subsidiaries, including The Taubman Company LLC (the Manager); balances have been eliminated. Investments in entities not unilaterally controlled by owners obligation (Unconsolidated Joint Ventures) are accounted for under the equity method.

At June 30, 2002, the Operating Partnership's equity included three classes of preferred eq and D) and the net equity of the partnership unitholders. Net income and distributions Partnership are allocable first to the preferred equity interests, and the remaining amounts limited partners in the Operating Partnership in accordance with their percentage owners Preferred Equity is owned by the Company and is eliminated in consolidation. The Series C and Equity are owned by institutional investors and have a fixed 9% coupon rate, no stated maturity, mandatory redemption requirements.

Because the net equity of the partnership unitholders is less than zero, the interest of t
unitholders is presented as a zero balance in the balance sheet as of June 30, 2002 and Decem
income allocated to the noncontrolling unitholders is equal to their share of distributions.
the Operating Partnership is less than zero because of accumulated distributions in excess of
as a result of operating losses. Distributions to partners are usually greater than net income
includes non-cash charges for depreciation and amortization.

The Company's ownership in the Operating Partnership at June 30, 2002 consisted of a 61.8%
partnership interest, as well as the Series A Preferred Equity interest. The Company's
percentage in the Operating Partnership for the three months ended June 30, 2002 and 2001 wa
respectively. During the six months ended June 30, 2002, the Company's ownership in the Oper
increased to 61.8% due to additional interests acquired in connection with the Continuing
June 30, 2002, the Operating Partnership had 82,888,206 units of partnership interest outstand
Company owned 51,121,140. Included in the total units outstanding are 174,058 units issued i
the 1999 acquisition of Lord Associates that currently do not receive allocations of income or di

The unaudited interim financial statements should be read in conjunction with the audited fin
and related notes included in the Company's Annual Report on Form 10-K for the year ended Dec
the opinion of management, all adjustments (consisting only of normal recurring adjustments) ne
presentation of the financial statements for the interim periods have been made. The results o
are not necessarily indicative of the results for a full year.

Certain prior year amounts have been reclassified to conform to 2002 classifications.

Note 2 - Derivatives

Effective January 1, 2001, the Company adopted SFAS 133 and its related amendments and inter
establish accounting and reporting standards for derivative instruments. The Company uses deriv
primarily to manage exposure to interest rate risks inherent in variable rate debt and refinanc
routinely uses cap, swap, and treasury lock agreements to meet these objectives.

The initial adoption of SFAS 133 on January 1, 2001 resulted in a reduction to income of a
million as the cumulative effect of a change in accounting principle and a reduction to Ot
Income (OCI) of $0.8 million. These amounts represented the transition adjustments nece
Company's share of interest rate agreements to fair value as of January 1, 2001.

In addition to the transition adjustment in first quarter 2001, the Company recognized in
of net unrealized gains (losses) of $0.8 million and $(0.7) million during the three months e
and 2001, and $1.8 million and $(2.5) million during the six months ended June 30, 2002 and 20
due to changes in interest rates and the resulting changes in value of the Company's interest
Of these amounts, the changes in value of the Dolphin swap agreement were approximately $1.0
million during the three months ended June 30, 2002 and 2001, and $2.0 million and $(2.1) mill
months ended June 30, 2002 and 2001. The remainders represent the changes in time value of other

In June 2002, the Company entered into swap agreements designated to hedge the Wellington G
facility. Under the swaps, the LIBOR rate is swapped to a fixed rate of 2.5% from October 2002
2003, 4.35% from October 2003 through September 2004, and 5.25% from October 2004 throug
notional amount of $100 million.

In May 2002, the Company entered into an agreement to swap LIBOR to a fixed rate of 4.
amount of $100 million designated to hedge the Willow Bend construction facility. The term o
November 2002 through June 2004.

In March 2002, the Company entered into an agreement to swap LIBOR to a fixed rate of
amount of $100 million designated to hedge the Company's $275 million line of credit. This on

in November 2002.

As of June 30, 2002, the Company has $9.1 million of net derivative losses included in A
follows:

Hedged Items	OCI Amounts
	(in thousands)
2001 Regency Square financing	$ 2,618
Dolphin construction facility	149
$275 million line of credit	1,455
The Shops at Willow Bend construction facility	1,124
Westfarms refinancing	3,756
	$ 9,102

The realized loss on the Regency Square financing will be recognized as additional interest
ten-year term of the debt. The loss on the hedge of the Dolphin Mall construction facility wil
a reduction of earnings through its 2002 maturity date. Gains or losses on the swap designated t
million line of credit will be recognized as an adjustment to interest expense over the o
period of the swap agreement, beginning November 2002. Gains or losses on the swap designated
at Willow Bend construction facility will be recognized as adjustments to interest expense ov
swap agreement, November 2002 through June 2004. A realized loss on the derivative used to hed
of the Westfarms loan (Note 12 - Subsequent Events) will be recognized as a reduction of earning
2012 maturity date. The Company expects that approximately $3.3 million will be reclassified
OCI and recognized as a reduction of earnings during the next twelve months.

Note 3 - Acquisitions and Dispositions

In May 2002, the Operating Partnership acquired for $88 million a 50% general partner
SunValley Associates, a California general partnership that owns the Sunvalley shopping
Concord, California. The $88 million purchase price consists of $28 million of cash and $60 m
debt that encumbers the property. The Company's interest in the secured debt consists of a $5
note bearing interest at LIBOR plus 0.92% and a $5 million note bearing interest at LIBOR plu
mature in September 2003 and have two one-year extension options. The center is also subject
that expires in 2061. The Manager has managed the property since its development and will
Although the Operating Partnership purchased its interest in Sunvalley from an unrelated third
50% partner in the property is an entity owned and controlled by Mr. A. Alfred Taubman, the
shareholder.

Also in May 2002, the Company purchased an additional interest in Arizona Mills for approxi
in cash plus the $19 million share of the debt that encumbers the property. The Company has a 5
center as of June 30, 2002.

In March 2002, the Company sold its interest in La Cumbre Plaza for $28 million. In May
sold its interest in Paseo Nuevo for $48 million. The centers were subject to ground leases and
by debt. The centers were purchased in 1996 for a total of $59 million. The Company's $2.0
million gains on the sale of La Cumbre Plaza and Paseo Nuevo, respectively, differed from th
$13.4 million gains recognized by the Operating Partnership due to the Company's $4.1 millio
additional bases in La Cumbre Plaza and Paseo Nuevo.

The Company used the net proceeds from the sales of Paseo Nuevo and La Cumbre Plaza to fund

of Sunvalley and Arizona Mills, and, in July 2002, to pay down borrowings under the Company's lin

Note 4 - Tax Elections

The Company's Taxable REIT Subsidiaries are subject to corporate level income taxes, which a the Company's financial statements. The Company's deferred tax assets and liabilities ref temporary differences between the amounts of assets and liabilities for financial reporting bases of such assets and liabilities as measured by tax laws. Deferred tax assets are reduced, i valuation allowance to the amount where realization is more likely than not assured after available evidence. The Company's temporary differences primarily relate to deferred depreciation. During the six months ended June 30, 2002, the Company's federal income tax exp result of a net operating loss incurred by its Taxable REIT Subsidiaries. As of June 30, 2002, net deferred tax asset of $4.4 million, after a valuation allowance of $7.9 million.

Note 5 - Investments in Technology Businesses

The Company owns an approximately 6.8% interest in MerchantWired, LLC, a service company ori provide internet and network infrastructure to shopping centers and retailers. During the six 30, 2002 and 2001, the Company recognized its $1.8 million and $0.7 million share of Merchant losses, respectively. In May 2002, the Company invested an additional $4.1 million to sati guarantees of MerchantWired's obligations as required under a proposed sale of MerchantWir since the anticipated sale failed to close, MerchantWired's board of directors voted to effective September 2002. As a result, the Company recorded a charge in the second quarter of its remaining $5.8 million balance of its MerchantWired investment.

The Company has an investment in Fashionmall.com, Inc., an e-commerce company originally or promote, advertise, and sell fashion apparel and related accessories and products over the i Fashionmall.com significantly scaled back its operations in response to decreasing revenue development opportunities, leading its management to conclude that it should seek altern significant cash resources. In light of such developments, the Company agreed to convert it investment into 824,084 common shares in return for a commitment from Fashionmall's CEO and maj that on or before December 31, 2002, Fashionmall will either consummate a transaction resulting stockholders in excess of the value deliverable to the stockholders upon its liquidation, co liquidation, or consummate any other transaction that is reasonably acceptable to the Compan shareholder. Based upon the $3.92 trading price of the stock on the day the preferred investm for common shares, the Company recognized a $2.3 million loss on its investment during the seco this charge, the Company's investment was $3.2 million at June 30, 2002. The $3.92 trading pr $3.75 per share dividend declared by Fashionmall.com, which was paid in August 2002. The re million dividend has reduced the Company's investment to $0.1 million. In future periods, the this remaining investment in Fashionmall.com to market value.

Note 6 - Investments in Unconsolidated Joint Ventures

Following are the Company's investments in Unconsolidated Joint Ventures. The Operating managing general partner or managing member in these Unconsolidated Joint Ventures, except for an (*).

Unconsolidated Joint Venture	Shopping Center	Owner June
Arizona Mills, L.L.C. *	Arizona Mills	
Dolphin Mall Associates Limited Partnership	Dolphin Mall	
Fairfax Company of Virginia, L.L.C.	Fair Oaks	
Forbes Taubman Orlando, L.L.C. *	The Mall at Millenia (under construction)	
Rich-Taubman Associates	Stamford Town Center	
SunValley Associates	Sunvalley	
Tampa Westshore Associates Limited Partnership	International Plaza	
Taubman-Cherry Creek Limited Partnership	Cherry Creek	
West Farms Associates	Westfarms	
Woodland	Woodland	

In September 2001, International Plaza, a 1.3 million square foot center, opened in Tampa June 30, 2002, the Operating Partnership has a preferred investment in International Plaza o which an annual preferential return of 8.25% will accrue. In addition to the preferred return the Operating Partnership will receive a return of its preferred investment before any avail utilized for distributions to non-preferred partners.

In March 2001, Dolphin Mall, a 1.3 million square foot value regional center, opened in Mi of June 30, 2002, the Operating Partnership has a preferred investment in Dolphin Mall of $26 venture partner in Dolphin Mall has exercised the buy/sell provision in the joint ven agreement. The Company responded to the offer indicating its intent to be a purchaser rathe although the transaction has significant contingencies, including reaching agreement with th Assuming this transaction occurs as anticipated during the third quarter of 2002, it would res acquiring the additional interest in Dolphin for approximately the joint venture part partnership debt and other obligations. The Company expects that its total investment in Dolp point, will be approximately $268 million (Note 9).

The Company is currently developing The Mall at Millenia in Orlando, Florida. This 1.2 mi center will open in October 2002.

In May 2002, the Company acquired an additional 13% interest in Arizona Mills and a 50% int (Note 3).

The Company's carrying value of its Investment in Unconsolidated Joint Ventures differs fro deficiency in assets reported in the combined balance sheet of the Unconsolidated Joint Ventu Company's cost of its investment in excess of the historical net book values of the Unconsolidat and (ii) the Operating Partnership's adjustments to the book basis, including intercompany p services that are capitalized by the Unconsolidated Joint Ventures. The Company's additional depreciable assets is recognized on a straight-line basis over 40 years. The Operating Partners in bases are amortized over the useful lives of the related assets.

TAUBMAN CENTERS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Combined balance sheet and results of operations information are presented in the fo thousands) for all Unconsolidated Joint Ventures, followed by the Operating Partnership's bene the combined information. TRG's basis adjustments as of June 30, 2002 include $73 million and $ to the acquisitions of interests in Sunvalley and Arizona Mills (Note 3), respectively, differences between the acquisition prices and the book values of the ownership interests amounts will be depreciated over the remaining useful lives of the underlying assets. Benef

calculated based on the Operating Partnership's ownership interest in each of the Unconsolidated

	June 30 2002
Assets:	
Properties	$ 1,528,235
Accumulated depreciation and amortization	(279,064)
	$ 1,249,171
Cash and cash equivalents	28,946
Accounts and notes receivable	15,927
Deferred charges and other assets	29,505
	$ 1,323,549
Liabilities and partnership equity:	
Notes payable	$ 1,345,251
Other liabilities	133,872
TRG's partnership equity (accumulated deficiency in assets)	(60,749)
Unconsolidated Joint Venture Partners' accumulated deficiency in assets	(94,825)
	$ 1,323,549
TRG's partnership equity (accumulated deficiency in assets) (above)	$ (60,749)
TRG basis adjustments, including elimination of intercompany profit	107,339
TCO's additional basis	123,767
Investment in Unconsolidated Joint Ventures	$ 170,357

	Three Months Ended June 30		Six Mo J
	2002	2001	2002
Revenues	$ 69,202	$ 54,375	$ 133,8
Recoverable and other operating expenses	$ 27,754	$ 19,946	$ 50,1
Interest expense	19,550	17,570	37,7
Depreciation and amortization	12,990	8,595	26,9
Total operating costs	$ 60,294	$ 46,111	$ 114,8
Income before cumulative effect of change in accounting principle	$ 8,908	$ 8,264	$ 19,0
Cumulative effect of change in accounting principle			
Net income	$ 8,908	$ 8,264	$ 19,0
Net income allocable to TRG	$ 5,049	$ 4,496	$ 10,6
Cumulative effect of change in accounting principle allocable to TRG			
Realized intercompany profit	450	1,478	1,7

Depreciation of TCO's additional basis	(759)	(759)	(1,5
Equity in income before cumulative effect of change in accounting principle of Unconsolidated Joint Ventures	$ 4,740	$ 5,215	$ 10,8
Beneficial interest in Unconsolidated Joint Ventures' operations:			
Revenues less recoverable and other operating expenses	$ 22,193	$ 19,653	$ 46,8
Interest expense	(9,771)	(9,243)	(18,7
Depreciation and amortization	(7,682)	(5,195)	(17,2
Income before cumulative effect of change in accounting principle	$ 4,740	$ 5,215	$ 10,8

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TAUBMAN CENTERS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Note 7 - Beneficial Interest in Debt and Interest Expense

In March 2002, the Company exercised its option to extend the maturity of the Great Lakes Cro
April 2003.

The Operating Partnership's beneficial interest in the debt, capital lease obligations, cap
and interest expense of its consolidated subsidiaries and its Unconsolidated Joint Ventures is
following table. The Operating Partnership's beneficial interest in consolidated subsidiaries
interest relating to the minority interests in Great Lakes Crossing, MacArthur Center, and The
Green.

	At 100%		At Beneficial In	
	Consolidated Subsidiaries	Unconsolidated Joint Ventures	Consolidated Subsidiaries	Unconsolidat Joint Ventures
	(in thousands of dollars)			
Debt as of:				
June 30, 2002	1,465,530	1,345,251	1,386,439	673,9
December 31, 2001	1,423,241	1,154,141	1,345,086	562,8
Capital Lease Obligations:				
June 30, 2002	256	--	218	
December 31, 2001	304	64	259	
Capitalized Interest:				
Six months ended June 30, 2002	2,571	2,033	2,516	1,0
Six months ended June 30, 2001	16,396	9,662	16,300	3,9
Interest Expense:				
Six months ended June 30, 2002	41,393	37,732	38,916	18,7
Six months ended June 30, 2001	30,180	36,160	27,597	19,0

Note 8 - Incentive Option Plan

The Operating Partnership has an incentive option plan for employees of the Manager. generally become exercisable to the extent of one-third of the units on each of the third, anniversaries of the date of grant. Options expire ten years from the date of grant. The Operat units issued in connection with the incentive option plan are exchangeable for shares of the stock under the Continuing Offer (Note 9). In December 2001, the Company amended the plan to options to be exercised by tendering mature units with a market value equal to the exercise options.

In December 2001, the Company's chief executive officer executed a unit option deferral el to options for approximately three million units at an exercise price of $11.14 per uni November 2002. This election will allow him to defer the receipt of the net units he would rece These deferred option units will remain in a deferred compensation account until Mr. Taubman's years from the date of exercise. Beginning with the ten year anniversary of the date of exerc partnership units will be released in ten annual installments. In April 2002, Mr. Taubman exe 1.5 million units by tendering 1.1 million mature units and deferring the receipt of 0.4 milli unit option deferral election. As the Company declares distributions, the deferred option u proportionate share of the distributions in the form of cash payments.

Excluding the options exercised by Mr. Taubman, there were options for 386,156 units exercis months ended June 30, 2002 at an average exercise price of $11.69 per unit. During the six mon 2001, options for 744,454 units were exercised at a weighted average price of $11.10 per un options granted or cancelled during the six months ended June 30, 2002 and 2001. As of June 30, vested options for 4.1 million units with a weighted average exercise price of $11.48 per uni options (including unvested options) for a total of 4.2 million units with a weighted average $11.44 per unit.

Currently, options for 5.4 million Operating Partnership units may be issued under the pla which have been issued. When the holder of an option elects to pay the exercise price partnership units, only those units issued to the holder in excess of the number of units surre for purposes of determining the remaining number of units available for future grants under the p

For any future option grants, the Company intends to recognize compensation expense based method of FAS 123, "Accounting for Stock-Based Compensation".

Note 9 - Commitments and Contingencies

At the time of the Company's initial public offering (IPO) and acquisition of its partnershi Operating Partnership, the Company entered into an agreement (the Cash Tender Agreement) with who owns an interest in the Operating Partnership, whereby he has the annual right to tender to of partnership interest in the Operating Partnership (provided that the aggregate value is at and cause the Company to purchase the tendered interests at a purchase price based on a market Company on the trading date immediately preceding the date of the tender. The Company will pay for these interests from available cash, borrowed funds, or from the proceeds of an offerin common stock. Generally, the Company expects to finance these purchases through the sale of stock. The tendering partner will bear all market risk if the market price at closing is less price and will bear the costs of sale. Any proceeds of the offering in excess of the purchase the sole benefit of the Company. At A. Alfred Taubman's election, his family and certain othe in tenders.

Based on a market value at June 30, 2002 of $15.25 per common share, the aggregate value o Operating Partnership that may be tendered under the Cash Tender Agreement was approximately purchase of these interests at June 30, 2002 would have resulted in the Company owning an addit in the Operating Partnership.

The Company has made a continuing, irrevocable offer to all present holders (other than

holders, including A. Alfred Taubman), assignees of all present holders, those future holde interests in the Operating Partnership as the Company may, in its sole discretion, agree continuing offer, and all existing and future optionees under the Operating Partnership's inc to exchange shares of common stock for partnership interests in the Operating Partnership (the Under the Continuing Offer agreement, one unit of partnership interest is exchangeable fo Company's common stock.

In April 2001, the Operating Partnership's $10 million investment in Swerdlow Real Es (Swerdlow) was converted into a loan which bore interest at 12% and matured in December 2 currently delinquent. All interest due through the December maturity date was received. The C lawsuit seeking to recover the principal amount and all accrued and unpaid interest from Swerdlow. Swerdlow has filed its answer which seeks a recision of the note and all amounts paid under or in connection with the note, which total approximately $2.5 million pa through December 31, 2001. In the event the note was rescinded, the Company's original invest would be restored. While the Company believes that it will ultimately prevail in collecting a owing under the note, the lawsuit is in its preliminary stages and no predictions can be made of the lawsuit.

On August 13, 2002, the Company received a complaint naming it as a defendant in a lawsui Dolphin Mall, Inc., the Company's Partner in Dolphin Mall, seeking damages in excess of $40 m breaches by the Company of the Second Amended Partnership Agreement of Dolphin Mall A Partnership. The Company believes the allegations in the complaint are without merit and will the lawsuit. Since the lawsuit is in its preliminary stages, no predictions can be made at t ultimate outcome.

In addition, the Company is currently involved in certain litigation arising in the o business. Management believes that this litigation will not have a material adverse effect financial statements.

Payments of principal and interest on the loans in the following table are guaranteed Partnership as of June 30, 2002. All of the loan agreements provide for a reduction of the amou certain center performance and valuation criteria are met.

Center	Loan balance as of 6/30/02	TRG's beneficial interest in loan balance as of 6/30/02	Amount of loan balance guaranteed by TRG as of 6/30/02	% of loan balance guaranteed by TRG
	(in millions of dollars)			
Dolphin Mall	183.0	91.5	91.5	50%
Great Lakes Crossing	149.7	127.2	149.7	100%
International Plaza	187.1	49.6	93.6	50% (1
The Mall at Millenia	92.1	46.1	23.0	25%
The Mall at Wellington Green	137.7	123.9	137.7	100%
The Shops at Willow Bend	197.8	197.8	197.8	100%

(1) An investor in the International Plaza venture has indemnified the Operating Partnership 25% of the amounts guaranteed.

The Company currently anticipates that a partial prepayment of principal will be neces October 2002 maturity date on the Dolphin Mall construction loan.

The Company has a $0.5 million investment in Constellation Real Technologies LLC (Constell that forms and sponsors real estate related internet, e-commerce, and telecommunications

Company has a capital commitment for approximately $0.8 million in funding for Const
any additional contributions would be restricted to a maximum of $0.2 million in 2002 and $0.3 m

Note 10 - Earnings Per Share

Basic earnings per common share are calculated by dividing earnings available to common s
average number of common shares outstanding during each period. For diluted earnings per c
Company's ownership interest in the Operating Partnership (and therefore earnings) are adju
exercise of all options for units of partnership interest under the Operating Partnership's inc
having exercise prices less than the average market value of the units using the treasury stoc
earnings per share of future periods also reflect the net units deferred under the unit option
(Note 8). For the three and six months ended June 30, 2001, options for 0.3 million and 1.1
partnership interest with average exercise prices of $13.56 per unit and $13.00 per unit, r
excluded from the computations of diluted earnings per unit because the exercise prices wer
average market prices for the periods calculated. There were no options excluded from the comp
earnings per unit for the three or six months ended June 30, 2002.

	Three Months Ended June 30		E
	2002	2001	2002
	(in thousands, except shar		
Income (loss) from continuing operations allocable to common shareowners (Numerator):			
Net income (loss) allocable to common shareowners	$ (304)	$ 1,610	$ (2,5
Common shareowners' share of discontinued operations	(5,477)	(518)	(6,2
Common shareowners' share of cumulative effect of change in accounting principle			
Basic income (loss) from continuing operations	$ (5,781)	$ 1,092	$ (8,8
Effect of dilutive options		(86)	(
Diluted income (loss) from continuing operations	$ (5,781)	$ 1,006	$ (8,8
Shares (Denominator) - basic and diluted	51,076,901	50,181,946	50,980,5
Income (loss) from continuing operations per common share - basic and diluted	$ (.11)	$ .02	$ (.
Per share effects of discontinued operations and cumulative effect of change in accounting principle:			
Discontinued operations per common share-basic	$ .11	$ .01	$.
Discontinued operations per common share-diluted	$ .10	$ .01	$.
Cumulative effect of change in accounting principle per common share - basic and diluted			

Note 11 - Cash Flow Disclosures and Noncash Investing and Financing Activities

Interest on mortgage notes and other loans paid during the six months ended June 30, 2002
amounts capitalized of $2.6 million and $16.4 million, was $38.2 million and $27.9 million,
following non-cash investing and financing activities occurred during the six months ended June 3

		Six Months ended
		2002
		(in thousan
Non-cash additions to properties		
Partnership units released	$	1,008
Non-cash contributions to Unconsolidated Joint Ventures		

Non-cash additions to properties primarily represent accrued construction and tenant allo
centers and development projects.

Note 12 - Subsequent Events

In July 2002, the Company closed on a $210 million ten-year mortgage on Westfarms at an al
Proceeds were used to pay off the previous $155 million debt on Westfarms. The Operating Par
$37 million share of distributed excess proceeds to pay down its revolving credit facilities.

In August 2002, Stamford Town Center extended its $76 million loan to August 2004. Also in A
closed on a $105 million construction loan for Stony Point Fashion Park. This loan bears inter
1.85% and has an initial term of three years with two one-year extension options. The Oper
guarantees 100% of principal and interest on this loan; the amounts guaranteed will be reduced a
performance and valuation criteria are met.

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Item 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Op
various "forward-looking statements" within the meaning of Section 27A of the Securities Act of
and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking sta
the Company's expectations or beliefs concerning future events, including the following: sta
future developments and joint ventures, rents and returns, statements regarding the continuat
any statements regarding the sufficiency of the Company's cash balances and cash generated
financing activities for the Company's future liquidity and capital resource needs. The Comp
although forward-looking statements reflect the Company's good faith beliefs and best judgment
information, these statements are qualified by important factors that could cause actual
materially from those in the forward-looking statements, including those risks, uncertaint
detailed from time to time in reports filed with the SEC, and in particular those set forth
"General Risks of the Company" and "Environmental Matters" in the Company's Annual Report
following discussion should be read in conjunction with the accompanying Consolidated Financ
Taubman Centers, Inc. and the Notes thereto.

General Background and Performance Measurement

The Company owns a managing general partner's interest in The Taubman Realty Group Limited
Operating Partnership or TRG), through which the Company conducts all of its operation
Partnership owns, develops, acquires, and operates regional shopping centers nationally.
Businesses consist of shopping centers that are controlled by ownership or contractual agree
projects for future regional shopping centers, and The Taubman Company LLC (the Manager). Sho
are not controlled and that are owned through joint ventures with third parties (Unconsolidated
are accounted for under the equity method.

The operations of the shopping centers are best understood by measuring their performance as regard to the Company's ownership interest. Consequently, in addition to the discussion of the Consolidated Businesses, the operations of the Unconsolidated Joint Ventures are presented whole.

During 2001, the Company opened four new shopping centers (Results of Operations - New During 2002, the Company acquired an interest in Sunvalley and sold its interests in La Cumb Nuevo (Results of Operations - Acquisitions and Dispositions). Additional 2002 and 2001 exclude the new centers, Sunvalley, La Cumbre Plaza, and Paseo Nuevo are provided to present t comparable centers in the Company's continuing operations.

Seasonality

The regional shopping center industry is seasonal in nature, with mall tenant sales hig quarter due to the Christmas season, and with lesser, though still significant, sales fluctu with the Easter holiday and back-to-school events. While minimum rents and recoveries are gen to seasonal factors, most leases are scheduled to expire in the first quarter, and the majo open in the second half of the year in anticipation of the Christmas selling season. A percentage rents are recorded in the fourth quarter. Accordingly, revenues and occupancy le highest in the fourth quarter.

The following table summarizes certain quarterly operating data for 2001 and the first and 2002.

	1st Quarter 2001	2nd Quarter 2001	3rd Quarter 2001	4th Quarter 2001	Tot 200
			(in	thousands)	
Mall tenant sales	$570,223	$605,945	$617,805	$1,003,894	$2,7
Revenues	132,903	137,964	139,640	169,330	5
Occupancy:					
Average	87.0%	85.5%	84.0%	83.7%	
Ending	85.1	85.6	83.0	84.0	
Average-comparable (1)	88.2	87.7	87.3	88.3	
Ending-comparable (1)	88.5	87.4	87.4	88.6	
Leased space:					
All centers	90.8	90.0	88.0	87.7	
Comparable (1)	92.2	91.6	91.4	91.6	

(1) Excludes centers that opened in 2001, La Cumbre Plaza, Paseo Nuevo, and Sunvalley.

Because the seasonality of sales contrasts with the generally fixed nature of minimum rent mall tenant occupancy costs (the sum of minimum rents, percentage rents and expense recoveries) are considerably higher in the first three quarters than they are in the fourth quarter. The summarizes occupancy costs, excluding utilities, for mall tenants as a percentage of sales for and second quarters of 2002:

	1st Quarter 2001	2nd Quarter 2001	3rd Quarter 2001	4th Quarter 2001	Tota 2001
Minimum rents	11.2%	10.5%	11.2%	8.3%	10.
Percentage rents	0.3	0.1	0.1	0.4	0.

Expense recoveries	5.0	5.1	4.8	3.6	4.
Mall tenant occupancy costs	16.5%	15.7%	16.1%	12.3%	14.

Current Operating Trends

In 2001 and into 2002, the regional shopping center industry has been affected by the national economic cycle. Economic pressures that affect consumer confidence, job growth, income gains can affect retail sales growth and impact the Company's ability to lease vacanci rents at advantageous rates. A number of regional and national retailers have announced store for bankruptcy. During the first six months of 2002, 1.1% of the Company's tenants sought the bankruptcy laws, compared to 3.4% in the comparable period of 2001. The impact of a soft econom current results of operations can be moderated by lease cancellation income, which tend down-cycles of the economy.

In addition to overall economic pressures, the events of September 11 had a negative impa subsequent to September. Tenant sales per square foot in the second quarter of 2002 decrease to the same period in 2001, an improvement on the 3.8% and 3.9% year-over-year decreases exp quarter 2001 and first quarter 2002, respectively. Negative sales trends directly impac percentage rents certain tenants and anchors pay. The effects of declines in sales experience 2002 on the Company's operations are moderated by the relatively minor share of total rents (ap percent) percentage rents represent. However, if lower levels of sales were to continue, the to lease vacancies and negotiate rents at advantageous rates could be adversely affected.

Occupancy trends showed some improvement in second quarter 2002, in which comparable center declined 0.3% from second quarter 2001, compared to the first quarter 2002 occupancy decline the Company's expectations as to the timing of openings and closings of tenants, the Co continuing modest improvement in comparable year over year average occupancy through the end of t

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The tragic events of September 11 have also had an impact on the Company's insurance coverage coverage for terrorist acts in its policies that expired in April 2002. However, such coverage its standard property policies at renewal. The Company has obtained a separate policy although than the prior coverage for terrorist acts, see "Liquidity and Capital Resources-Covenants and Co

The Company's premiums, including the cost of a separate terrorist policy, have increase property coverage and over 25% for liability coverage. These increases will impact the Compan area maintenance rates paid by the Company's tenants by about 55 cents per square foot. Total paid by tenants signing leases in the Company's traditional centers are on average about $70 per

Rental Rates

Annualized average base rent per square foot for all mall tenants at the Company's 14 compa $41.96 for the three months ended June 30, 2002, compared to $41.12 for the three months ended leases have expired in the shopping centers, the Company has generally been able to rent the either to the existing tenant or a new tenant, at rental rates that are higher than those of th In periods of increasing sales, rents on new leases will tend to rise as tenants' expectations become more optimistic. In periods of slower growth or declining sales, such as the Comp experiencing, rents on new leases will grow more slowly or may decline for the opposite reason. revenues nevertheless increase as older leases roll over or are terminated early and replace negotiated at current rental rates that are usually higher than the average rates for existing le

Average base rent per square foot on 259 thousand square feet of tenant space opened in comparable centers was $43.59 for the three months ended June 30, 2002, compared to average ba foot of $39.30 on 183 thousand square feet of tenant space that closed during the same peri spread of $4.29 per square foot between the opening and closing average rent. This spread may of future periods, as this statistic can vary significantly from quarter to quarter depen amount, location, and average size of tenant space opening and closing in the period.

Generally, the annual rent spread between opening and closing stores has been in the Company of $5.00 to $10.00 per square foot. This statistic is difficult to predict in part because the policies and practices may result in early lease terminations with actual average closing ren which may vary from the average rent per square foot of scheduled lease expirations.

Results of Operations

New Center Openings

In March 2001, Dolphin Mall, a 1.3 million square foot value regional center, opened i Dolphin Mall is a 50% owned Unconsolidated Joint Venture and is accounted for under the equit June 30, 2002, the Operating Partnership has a preferred investment in Dolphin Mall of $26 mi venture partner in Dolphin Mall has exercised the buy/sell provision in the joint ven agreement. The Company responded to the offer indicating its intent to be a purchaser rathe although the transaction has significant contingencies, including reaching agreement with th Assuming this transaction occurs as anticipated during the third quarter of 2002, it would res acquiring the additional interest in Dolphin for approximately the joint venture part partnership debt and other obligations. The Company expects that its total investment in Dolph point, will be approximately $268 million (Note 9 to Consolidated Financial Statements).

Dolphin Mall is subject to annual special tax assessments by a local community development certain infrastructure improvements on the property. In the first quarter of 2002, the CD outstanding bonds to extend the term from 20 years to 30 years and to reduce the interest rate. first annual assessment begins in 2002 rather than in 2001, resulting in a reversal of $2.8 m expensed. The annual assessments will be based on allocations of the cost of the infrastruc properties that benefit. Presently, the total allocation of cost to Dolphin Mall is estimated t $65.3 million with a first annual assessment of approximately $3.0 million. A portion of thes expected to be recovered from tenants.

The Shops at Willow Bend, a wholly owned 1.5 million square foot regional center, opened Plano, Texas.

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International Plaza, a 1.25 million square foot regional center, opened September 14 Florida. The Company has an approximately 26% ownership interest in the center and accounts equity method. The Operating Partnership is entitled to a preferred return on approximate equity contributions as of June 2002, which were used to fund construction costs.

The Mall at Wellington Green, a 1.3 million square foot regional center, opened October 5, 2 Florida. The center is owned by a joint venture in which the Operating Partnership has interest.

The return for the three traditional centers is expected to be approximately 8% in 2002. T Dolphin Mall continues to be adversely affected by slower than expected lease up, rental conc than expected expense recoveries. The Company expects the 2002 return on Dolphin Mall to be a on its investment including the additional interest that the Company anticipates acq third quarter of 2002. However, considering the opportunities for growth, the Company anticipate on Dolphin Mall will double over the next three to five years. Estimates regarding returns ar statements and certain significant factors could cause the actual results to differ materially, limited to: 1) actual results of negotiations with tenants, 2) timing of tenant openings, terminations and bankruptcies.

Acquisitions and Dispositions

In May 2002, the Operating Partnership acquired for $88 million a 50% general partner SunValley Associates, a California general partnership that owns the Sunvalley shopping Concord, California. The $88 million purchase price consisted of $28 million of cash and $60 m debt that encumbers the property. The Company's interest in the secured debt consisted of a $5

note bearing interest at LIBOR plus 0.92% and a $5 million note bearing interest at LIBOR plu
mature in September 2003 and have two one-year extension options. The center is also subject
that expires in 2061. The Manager has managed the property since its development and is continu
the acquisition. Although the Operating Partnership purchased its interest in Sunvalley from
party, the other 50% partner in the property is an entity owned and controlled by Mr. A. Alf
Company's largest shareholder.

In May 2002, the Company purchased an additional interest in Arizona Mills for approximate
cash plus the $19 million share of the debt that encumbers the property. The Company has a 5
center as of June 30, 2002.

In March 2002, the Company sold its interest in La Cumbre Plaza for $28 million. In May
sold its interest in Paseo Nuevo for $48 million. The centers were subject to ground leases and
by debt. The centers were purchased in 1996 for a total of $59 million. The Company's $2.0
million gains on the sale of La Cumbre Plaza and Paseo Nuevo, respectively, differed from th
$13.4 million gains recognized by the Operating Partnership due to the Company's $4.1 millio
additional bases in La Cumbre Plaza and Paseo Nuevo.

The Company used the net proceeds from the sales of Paseo Nuevo and La Cumbre Plaza to fund
of Sunvalley and Arizona Mills, and, in July 2002, to pay down borrowings under the Company's
The Company expects that these transactions will have a slightly accretive effect on Funds f
2002. This is a forward-looking statement and certain significant factors could cause the
differ materially, including the actual operations of the centers.

Note Receivable

In April 2001, the Operating Partnership's $10 million investment in Swerdlow Real Es
(Swerdlow) was converted into a loan which bore interest at 12% and matured in December 2
currently delinquent. All interest due through the December maturity date was received. The C
lawsuit seeking to recover the principal amount and all accrued and unpaid interest under the
filed its answer which seeks a recision of the note and the return of all amounts
connection with the note, which total approximately $2.5 million paid to the Company through
In the event the note was rescinded, the Company' original investment in Swerdlow would be r
Company believes that it will ultimately prevail in collecting all amounts due and owing u
lawsuit is in its preliminary stages and no predictions can be made as to the outcome
affiliate of Swerdlow is a partner in the Dolphin Mall joint venture.

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Investments in Technology Businesses

The Company owns an approximately 6.8% interest in MerchantWired, LLC, a service company ori
provide internet and network infrastructure to shopping centers and retailers. During the six
30, 2002 and 2001, the Company recognized its $1.8 million and $0.7 million share of Merchant
losses, respectively. In May 2002, the Company invested an additional $4.1 million to sati
guarantees of MerchantWired's obligations as required under a proposed sale of MerchantWir
since the anticipated sale failed to close, MerchantWired's board of directors voted to
effective September 2002. As a result, the Company recorded a charge in the second quarter of
its remaining $5.8 million balance of its MerchantWired investment.

The Company has an investment in Fashionmall.com, Inc., an e-commerce company originally or
promote, advertise, and sell fashion apparel and related accessories and products over the i
Fashionmall.com significantly scaled back its operations in response to decreasing revenue
development opportunities, leading its management to conclude that it should seek altern
significant cash resources. In light of such developments, the Company agreed to convert it
investment into 824,084 common shares in return for a commitment from Fashionmall's CEO and maj
that on or before December 31, 2002, Fashionmall will either consummate a transaction resulting
stockholders in excess of the value deliverable to the stockholders upon its liquidation, co
liquidation, or consummate any other transaction that is reasonably acceptable to the Compan
shareholder. Based upon the $3.92 trading price of the stock on the day the preferred investm

for common shares, the Company recognized a $2.3 million loss on its investment during the seco
this charge, the Company's investment was $3.2 million at June 30, 2002. The $3.92 trading pr
$3.75 per share dividend declared by Fashionmall.com, which was paid in August 2002. The re
million dividend has reduced the Company's investment to $0.1 million. In future periods, the
this remaining investment in Fashionmall.com to market value.

The Company has a $0.5 million investment in Constellation Real Technologies LLC (Constell
that forms and sponsors real estate related internet, e-commerce, and telecommunications
Company has also made an additional capital commitment of $0.8 million to Constellation, altho
contributions would be restricted to a maximum of $0.2 million in 2002 and $0.3 million in 2003.

Derivatives

Effective January 1, 2001, the Company adopted SFAS 133 and its related amendments and inter
establish accounting and reporting standards for derivative instruments. The Company uses deriv
primarily to manage exposure to interest rate risks inherent in variable rate debt and refinanc
routinely uses cap, swap, and treasury lock agreements to meet these objectives.

The initial adoption of SFAS 133 on January 1, 2001 resulted in a reduction to income of a
million as the cumulative effect of a change in accounting principle and a reduction to OCI
These amounts represented the transition adjustments necessary to mark the Company's shar
agreements to fair value as of January 1, 2001.

In addition to the transition adjustment in first quarter 2001, the Company recognized in
of net unrealized gains (losses) of $0.8 million and $(0.7) million during the three months e
and 2001, and $1.8 million and $(2.5) million during the six months ended June 30, 2002 and 20
due to changes in interest rates and the resulting changes in value of the Company's interest
Of these amounts, the changes in value of the Dolphin swap agreement were approximately $1.0
million during the three months ended June 30, 2002 and 2001, and $2.0 million and $(2.1) mill
months ended June 30, 2002 and 2001. The remainders represent the changes in time value of other

As of June 30, 2002, the Company has $9.1 million of net derivative losses included in Ac
follows:

Hedged Items	OCI Amounts (in thousands)
2001 Regency Square financing	$ 2,618
Dolphin Mall construction facility	149
$275 million line of credit	1,455
The Shops at Willow Bend construction facility	1,124
Westfarms refinancing	3,756
	$ 9,102

The realized loss on the Regency Square financing will be recognized as additional interest
ten-year term of the debt. The loss on the hedge of the Dolphin Mall construction facility wil
a reduction of earnings through its 2002 maturity date. Gains or losses on the swap designated
million line of credit will be recognized as an adjustment to interest expense over the one-year
of the swap agreement, beginning November 2002. Gains or losses on the swap designated to h
Willow Bend construction facility will be recognized as adjustments to interest expense over th
agreement, November 2002 through June 2004. A realized loss on the derivative used to hed
of the Westfarms loan (Subsequent Event) will be recognized as a reduction of earnings throu
2012 maturity date. The Company expects that approximately $3.3 million will be reclassified
OCI and recognized as a reduction of earnings during the next twelve months.

Comparable Center Operations

The performance of the Company's portfolio can be measured through comparisons of co operations. During the three months ended June 30, 2002, revenues (excluding land sales) less (operating and recoverable expenses) of those centers owned and open for the entire approximately two percent in comparison to the same centers' results in the comparable per growth was primarily due to increases in minimum rent and expense reductions. The Company expec center operations will generally increase annually by an average of two to three per forward-looking statement and certain significant factors could cause the actual results to d refer to the General Risks of the Company in the Company's annual report on Form 10-K for the ye 31, 2001.

Subsequent Event

In July 2002, the Company closed on a $210 million ten-year mortgage on Westfarms at an al Proceeds were used to pay off the previous $155 million debt on Westfarms. The Operating Par $37 million share of distributed excess proceeds to pay down its revolving credit facilities.

Presentation of Operating Results

The following tables contain the combined operating results of the Company's Consolidated Unconsolidated Joint Ventures. Income allocated to the minority partners in the Operating preferred interests is deducted to arrive at the results allocable to the Company's common sha the net equity of the Operating Partnership is less than zero, the income allocated to the min equal to their share of distributions. The net equity of these minority partners is less accumulated distributions in excess of net income and not as a result of operating losses. partners are usually greater than net income because net income includes non-cash charges for amortization. Losses allocable to minority partners in certain consolidated joint ventures arrive at the net results of the Company. The Company's average ownership percentage of the Oper was approximately 61.8% and 61.7% during the three and six months ended June 30, 2002, respec during the 2001 periods.

Comparison of the Three Months Ended June 30, 2002 to the Three Months Ended Ju

The following table sets forth operating results for the three months ended June 30, 2002 showing the results of the Consolidated Businesses and Unconsolidated Joint Ventures:

	Three months ended June 30, 2002			Thr
	CONSOLIDATED BUSINESSES	UNCONSOLIDATED JOINT VENTURES AT 100%(1)	TOTAL OF CONSOLIDATED BUSINESSES AND UNCONSOLIDATED JOINT VENTURES AT 100%	CONSOLID BUSINES
			(in millions of dollars)	
REVENUES:				
Minimum rents	46.7	45.0	91.7	38
Percentage rents	0.6	(0.1)	0.5	0
Expense recoveries	29.6	22.3	51.9	25
Management, leasing and development	5.7		5.7	6
Other	7.3	2.0	9.4	9
	----	----	-----	--

Total revenues	90.1	69.2	159.3	79
OPERATING COSTS:				
Recoverable expenses	25.9	20.9	46.8	21
Other operating	6.4	5.8	12.1	9
Charge related to technology investments	8.1		8.1	
Management, leasing and development	5.2		5.2	5
General and administrative	5.4		5.4	4
Interest expense	20.8	19.6	40.3	15
Depreciation and amortization (2)	20.2	13.5	33.7	14
Total operating costs	92.0	59.7	151.7	70
	(1.9)	9.5	7.6	9
Equity in income of Unconsolidated Joint Ventures (2)	4.7			5
Income before discontinued operations and minority and preferred interests	2.9			14
Discontinued operations:				
Gain on disposition of interest in center	10.0			
EBITDA (3)	1.0			1
Depreciation and amortization				(0
Minority and preferred interests:				
TRG preferred distributions	(2.3)			(2
Minority share of consolidated joint ventures	0.4			0
Minority share of income of TRG	(5.0)			(4
Distributions in excess of minority share of income	(3.1)			(3
Net income	3.8			5
Series A preferred dividends	(4.2)			(4
Net income (loss) allocable to common shareowners	(0.3)			1
SUPPLEMENTAL INFORMATION (3):				
EBITDA - 100%	48.2	42.5	90.7	40
EBITDA - outside partners' share	(2.0)	(20.3)	(22.3)	(2
EBITDA contribution	46.2	22.2	68.4	38
Beneficial Interest Expense	(19.5)	(9.8)	(29.3)	(13
Non-real estate depreciation	(0.7)		(0.7)	(0
Preferred dividends and distributions	(6.4)		(6.4)	(6
Funds from Operations contribution	19.6	12.4	32.0	17

(1) With the exception of the Supplemental Information, amounts include 100% of th and are net of intercompany profits. The Unconsolidated Joint Ventures are prese measurement of their performance as a whole, without regard to the Company's ownersh financial statements, the Company accounts for its investments in the Unconsolidated Joint

(2) Amortization of the Company's additional basis in the Operating Partnership was $1.9 this amount, $0.8 million was included in equity in income of Unconsolidated Joint Venture in depreciation and amortization.

(3) EBITDA represents earnings before interest and depreciation and amortization, exc depreciated operating properties. In 2002, an $8.1 million charge related to technolo

Funds from Operations is defined and discussed in Liquidity and Capital Resources.
(4) Amounts in the table may not add due to rounding. Certain reclassifications have bee
to 2002 classifications.

Consolidated Businesses

Total revenues for the three months ended June 30, 2002 were $90.1 million, a $10.3 million
over the comparable period in 2001. Minimum rents increased $8.5 million, of which $7.7 mill
openings of The Shops at Willow Bend and The Mall at Wellington Green. Minimum rents also
tenant rollovers, offsetting decreases in rent caused by lower occupancy. Expense recoveries i
due to Willow Bend and Wellington Green. Other revenue decreased by $2.3 million from 2001 d
lease cancellation revenue and interest income, partially offset by increases in gains on sa
land.

Total operating costs were $92.0 million, a $21.9 million or 31.2% increase over the com
2001. Recoverable expenses increased primarily due to Willow Bend and Wellington Green. Other
decreased primarily due to a decrease in the charge to operations for costs of pre-development
debt, and MerchantWired losses, partially offset by increases due to the new centers. During
recognized an $8.1 million charge relating to its investments in MerchantWired and Fashionm
expense increased primarily due to a decrease in capitalized interest upon opening of Willow B
Green, partially offset by decreases due to changes in rates on floating rate debt. Dep
increased primarily due to the new centers.

Unconsolidated Joint Ventures

Total revenues for the three months ended June 30, 2002 were $69.2 million, a $14.8 million
from the comparable period of 2001. Minimum rents increased $11.0 million, of which $10.2 mill
openings of Dolphin Mall and International Plaza and the acquisition of the interest in S
recoveries increased primarily due to Dolphin Mall, International Plaza, and Sunvalley. Other
primarily due to a decrease in lease cancellation revenue.

Total operating costs increased by $14.9 million to $59.7 million for the three months en
Recoverable expenses increased primarily due to Dolphin Mall, International Plaza, and Sunvalley
expense increased primarily due to the new centers, including greater levels of bad debt
Mall. Interest expense increased due to decreases in capitalized interest upon opening o
International Plaza, partially offset by a decrease in the liability for the Dolphin Mall sw
changes in rates on floating rate debt. Depreciation expense increased primarily due to the
centers, as well as the Sunvalley and Arizona Mills acquisitions.

As a result of the foregoing, income of the Unconsolidated Joint Ventures was consistent bet
Company's equity in income of the Unconsolidated Joint Ventures was $4.7 million, a $0.5 mill
the comparable period in 2001.

Net Income

As a result of the foregoing, the Company's income before discontinued operations and mino
interests decreased $12.0 million to $2.9 million for the three months ended June 30, 2002.
operations of Paseo Nuevo and La Cumbre Plaza include a $10.0 million gain on the disposition
2002. After allocation of income to minority and preferred interests, the net income (loss) a
shareowners for 2002 was $(0.3) million compared to $1.6 million in 2001.

Comparison of the Six Months Ended June 30, 2002 to the Six Months Ended June 3

The following table sets forth operating results for the six months ended June 30, 2002 a showing the results of the Consolidated Businesses and Unconsolidated Joint Ventures:

	Six months ended June 30, 2002			Si
	CONSOLIDATED BUSINESSES	UNCONSOLIDATED JOINT VENTURES AT 100%(1)	TOTAL OF CONSOLIDATED BUSINESSES AND UNCONSOLIDATED JOINT VENTURES AT 100%	CONSOLID BUSINES
			(in millions of dollar	
REVENUES:				
Minimum rents	93.5	86.5	180.0	76
Percentage rents	1.7	0.5	2.2	1
Expense recoveries	57.4	42.9	100.3	48
Management, leasing and development	10.9		10.9	12
Other	13.3	4.0	17.3	15
Total revenues	176.7	133.9	310.6	154
OPERATING COSTS:				
Recoverable expenses	49.3	36.4	85.7	41
Other operating	16.3	11.0	27.3	16
Charge related to technology investments	8.1		8.1	
Management, leasing and development	10.0		10.0	9
General and administrative	10.4		10.4	9
Interest expense	41.4	37.8	79.2	30
Depreciation and amortization (2)	40.9	27.6	68.5	31
Total operating costs	176.4	112.8	289.2	137
	0.2	21.1	21.4	17
Equity in income of Unconsolidated Joint Ventures (2)	10.9			10
Income before discontinued operations, cumulative effect of change in accounting principle, and minority and preferred interests	11.1			27
Discontinued operations:				
Gain on dispositions of interests in centers	12.0			
EBITDA (3)	3.2			3
Depreciation and amortization	(0.5)			(1
Cumulative effect of change in accounting principle				(8
Minority and preferred interests:				
TRG preferred distributions	(4.5)			(4
Minority share of consolidated joint ventures	0.6			0
Minority share of income of TRG	(9.5)			(4
Distributions in excess of minority				

share of income	(6.8)			(11
Net income	5.7			1
Series A preferred dividends	(8.3)			(8
Net loss allocable to common shareowners	(2.6)			(7
SUPPLEMENTAL INFORMATION (3):				
EBITDA - 100%	93.9	86.5	180.3	82
EBITDA - outside partners' share	(4.1)	(39.6)	(43.7)	(4
EBITDA contribution	89.8	46.9	136.6	78
Beneficial Interest Expense	(38.9)	(18.8)	(57.7)	(27
Non-real estate depreciation	(1.4)		(1.4)	(1
Preferred dividends and distributions	(12.8)		(12.8)	(12
Funds from Operations contribution	36.6	28.1	64.7	36

(1) With the exception of the Supplemental Information, amounts include 100% of the Unc net of intercompany profits. The Unconsolidated Joint Ventures are presented at 100% i of their performance as a whole, without regard to the Company's ownership intere statements, the Company accounts for its investments in the Unconsolidated Joint Venture

(2) Amortization of the Company's additional basis in the Operating Partnership was $3 Of this amount, $1.5 million was included in equity in income of Unconsolidated Join included in depreciation and amortization.

(3) EBITDA represents earnings before interest and depreciation and amortization, e depreciated operating properties. In 2002, an $8.1 million charge related to technolo Funds from Operations is defined and discussed in Liquidity and Capital Resources.

(4) Amounts in the table may not add due to rounding. Certain reclassifications have b to 2002 classifications.

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Consolidated Businesses

Total revenues for the six months ended June 30, 2002 were $176.7 million, a $21.9 million over the comparable period in 2001. Minimum rents increased $16.8 million, of which $15.6 mill openings of The Shops at Willow Bend and The Mall at Wellington Green. Minimum rents also tenant rollovers, offsetting decreases in rent caused by lower occupancy. Expense recoveries i due to Willow Bend and Wellington Green. Management, leasing, and development revenue decrease the timing of leasing transactions and the completion of two short-term contracts. Other revenu decreases in lease cancellation revenue and interest income, partially offset by increases in peripheral land.

Total operating costs were $176.4 million, a $39.0 million or 28.4% increase over the com 2001. Recoverable expenses increased primarily due to Willow Bend and Wellington Green. Other increased primarily due to the new centers, partially offset by a decrease in the charge to op of pre-development activities. During 2002, the Company recognized an $8.1 million charg investments in MerchantWired and Fashionmall.com. Interest expense increased primarily du capitalized interest upon opening of Willow Bend and Wellington Green, partially offset by changes in rates on floating rate debt. Depreciation expense increased primarily due to the new c

Unconsolidated Joint Ventures

Total revenues for the six months ended June 30, 2002 were $133.9 million, a $25.5 million from the comparable period of 2001. Minimum rents increased $19.7 million, of which $19.6 mill

openings of Dolphin Mall and International Plaza and the acquisition of the interest in S
recoveries increased primarily due to Dolphin Mall, International Plaza, and Sunvalley. Other
primarily due to a decrease in lease cancellation revenue.

Total operating costs increased by $23.3 million to $112.8 million for the six months en
Recoverable expenses increased primarily due to the new centers. Recoverable expenses in 2
reversal of a $2.8 million special assessment tax accrued during 2001. Other operating
primarily due to the new centers, including greater levels of bad debt expense at Dolphin Mall,
by decreases in bad debt expense at other centers. Interest expense increased due to decreas
interest upon opening of Dolphin Mall and International Plaza, partially offset by a decreas
for the Dolphin Mall swap agreement and changes in rates on floating rate debt. Depreciation
primarily due to the new centers.

As a result of the foregoing, income of the Unconsolidated Joint Ventures increased by $2.
million. The Company's equity in income of the Unconsolidated Joint Ventures was $10.9 millio
increase from the comparable period in 2001.

Net Income

As a result of the foregoing, the Company's income before discontinued operations, cumulativ
in accounting principle, and minority and preferred interests decreased $16.3 million to $11
six months ended June 30, 2002. The discontinued operations of Paseo Nuevo and La Cumbre Plaz
million gain on the dispositions of La Cumbre Plaza and Paseo Nuevo in 2002. In 2001, a cumul
change in accounting principle of $8.4 million was recognized in connection with the Company's
133. After allocation of income to minority and preferred interests, the net loss all
shareowners for 2002 was $(2.6) million compared to $(7.0) million in 2001.

Liquidity and Capital Resources

In the following discussion, references to beneficial interest represent the Operating Part
the results of its consolidated and unconsolidated businesses. The Company does not have a
parent company indebtedness; all debt discussed represents obligations of the Operating P
subsidiaries and joint ventures.

The Company believes that its net cash provided by operating activities, distribution
ventures, the unutilized portion of its credit facilities, and its ability to access the capi
adequate liquidity to conduct its operations in accordance with its dividend and financing polici

As of June 30, 2002, the Company had a consolidated cash balance of $72.7 million. Addition
has a secured $275 million line of credit. This line had $230.0 million of borrowings as of
expires in November 2004 with a one-year extension option. The Company also has available a se
line of credit of up to $40 million. The line had $9.2 million of borrowings as of June 30, 2
August 2002. The Company is currently negotiating to extend the expiration until November 2004.

In March 2002, the Company exercised its option to extend the maturity of the Great Lakes C
April 2003. In July 2002, the Company completed the refinancing of the Westfarms mortgage
Operations - Subsequent Event). In August 2002, Stamford Town Center extended its $76 mill
2004. Also in August, the Company closed on a $105 million construction loan for Stony Point F
loan bears interest at LIBOR plus 1.85% and has an initial term of three years with two o
options. The Operating Partnership guarantees 100% of principal and interest on this loan; the
will be reduced as certain center performance and valuation criteria are met.

Summary of Investing Activities

Net cash used in investing activities was $9.1 million in 2002 compared to $132.5 million i
in investing activities was impacted by the timing of capital expenditures, with additions to
and 2001 for the construction of Stony Point Fashion Park, The Mall at Wellington Green, and T
Bend as well as other development activities and other capital items. Investments in Merc

million and $2.9 million were made in 2002 and 2001, respectively. The Company received net
million from the dispositions of La Cumbre Plaza and Paseo Nuevo and invested $45.2 million
interests in Sunvalley and Arizona Mills in 2002. Net proceeds from sales of peripheral land
an increase of $2.6 million from 2001. Contributions to Unconsolidated Joint Ventures of $28.7
in 2001, primarily representing funding for construction activities at Dolphin Mall. D
Unconsolidated Joint Ventures in 2002 increased from 2001 primarily due to International Plaza,
Sunvalley.

Summary of Financing Activities

Net cash used in financing activities was $1.9 million in 2002, compared to $88.5 million o
financing activities in 2001. Debt proceeds, net of repayments and issuance costs, provide
2002 and $139.0 million in 2001. Stock repurchases of $11.2 million were made in connection
stock repurchase program in 2001. Issuance of stock pursuant to the Continuing Offer related
employee options contributed $4.5 million in 2002 and $8.3 million in 2001. Total dividends
paid were $48.7 million and $47.6 million in 2002 and 2001, respectively.

Beneficial Interest in Debt

At June 30, 2002, the Operating Partnership's debt and its beneficial interest in
Consolidated and Unconsolidated Joint Ventures totaled $2,060.4 million with an average inter
excluding amortization of debt issuance costs and interest rate hedging costs. Debt issuance
rate hedging costs are reported as interest expense in the results of operations. Amortization
costs added 0.37% to TRG's effective interest rate in the second quarter of 2002. Included in be
in debt is debt used to fund development and expansion costs. Beneficial interest in assets on
being capitalized totaled $147.4 million as of June 30, 2002. Beneficial interest in capital
$1.9 million and $3.5 million for the three and six months ended June 30, 2002, respectivel
table presents information about the Company's beneficial interest in debt as of June 30, 2002.

	Beneficial Interest in Debt	
	Amount (in millions)	Interest Rate at 6/30/02
Total beneficial interest in fixed rate debt	$1,041.2	7.51% (1)
Total beneficial interest in floating rate debt	1,019.2	3.85 (1)
Total beneficial interest in debt	$2,060.4	5.70 (1)

(1) Denotes weighted average interest rate before amortization of financing costs.

As provided for by certain debt agreements, the Company has currently locked in LIBOR
floating rate debt. In addition, the Company has entered into swap agreements to hedge cert
debt in future periods.

	Beneficial Interest in Debt	
	Amount (in millions)	LIBOR Lock Rate
Floating rate debt with LIBOR rate locks as of June 30, 2002:		
Through September 2002	$ 178.3	2.594%

Through October 2002	310.8	2.321
Through November 2002	5.0	2.659
Through March 2003	125.7	3.090
Total	$ 619.8	2.558

	Notional Amount (in millions)	Swap Rate
Floating rate debt hedged via forward swap agreements:		
November 2002 through October 2003	$ 100.0	4.298%
November 2002 through June 2004	100.0	4.125
October 2002 through September 2003	100.0	2.500
October 2003 through September 2004	100.0	4.350
October 2004 through April 2005	100.0	5.250

In addition, $537.6 million of the Company's beneficial interest in floating rate debt
interest rate cap agreements with LIBOR cap rates ranging from 7.0% to 8.75% with terms e
through September 2003.

Sensitivity Analysis

The Company has exposure to interest rate risk on its debt obligations and interest rate i
on the Operating Partnership's beneficial interest in floating rate debt in effect at June 30
debt fixed under long-term LIBOR rate contracts, a one percent increase or decrease in inter
floating rate debt would decrease or increase cash flows by approximately $4.9 million and, du
capitalized interest, annual earnings by approximately $4.1 million. Based on the Company's
and interest rates in effect at June 30, 2002, a one percent increase in interest rates would
value of debt by approximately $39.9 million, while a one percent decrease in interest rates
fair value of debt by approximately $42.6 million.

Covenants and Commitments

Certain loan agreements contain various restrictive covenants, including minimum net wo
minimum debt service and fixed charges coverage ratios, a maximum payout ratio on distributio
debt yield ratio, the latter being the most restrictive. The Operating Partnership is in comp
its covenants.

The Company's secured credit facilities contain customary covenants requiring the maintenanc
all-risk insurance on property securing each facility. As a result of exclusions in its insura
renewal, the Company purchased a supplemental policy, which has an annual limit of $100 milli
acts for its portfolio of centers. No assurances can be given that the coverage under thi
adequate or that mortgagees will not require coverage for individual centers beyond that whic
available at reasonable rates. The Company's inability to obtain such coverage or to do
increased costs may also negatively impact the availability and cost of future financing.
Company was required to purchase a separate terrorism policy for Westfarms in order to c
financing.

Certain debt agreements contain performance and valuation criteria that must be met f
extended at the full principal amounts; these agreements provide for partial prepayments of
compliance with extension provisions. The Company currently anticipates that a partial prepa

will be necessary to extend the October 2002 maturity date on the Dolphin Mall construction loan.

Payments of principal and interest on the loans in the following table are guaranteed Partnership as of June 30, 2002. All of the loan agreements provide for a reduction of the amou certain center performance and valuation criteria are met.

Center	Loan balance as of 6/30/02	TRG's beneficial interest in loan balance as of 6/30/02	Amount of loan balance guaranteed by TRG as of 6/30/02	% of loan balance guaranteed by TRG
	(in millions of dollars)			
Dolphin Mall	183.0	91.5	91.5	50%
Great Lakes Crossing	149.7	127.2	149.7	100%
International Plaza	187.1	49.6	93.6	50% (1
The Mall at Millenia	92.1	46.1	23.0	25%
The Mall at Wellington Green	137.7	123.9	137.7	100%
The Shops at Willow Bend	197.8	197.8	197.8	100%

(1) An investor in the International Plaza venture has indemnified the Operating Partner of 25% of the amounts guaranteed.

Funds from Operations

A principal factor that the Company considers in determining dividends to shareowners is Fun (FFO), which is defined as income before extraordinary items, cumulative effect of chan principle, real estate depreciation and amortization, and the allocation to the minority Operating Partnership, less preferred dividends and distributions. Gains on disposition operating properties are excluded from FFO. In 2002, an $8.1 million charge related to techn was also excluded.

Funds from Operations does not represent cash flows from operations, as defined by g accounting principles, and should not be considered to be an alternative to net income as operating performance or to cash flows from operations as a measure of liquidity. Howev Association of Real Estate Investment Trusts suggests that Funds from Operations is a useful sup of operating performance for REITs. Funds from Operations as presented by the Company may no similarly titled measures of other companies.

Reconciliation of Income to Funds from Operations

	Three Months Ended June 30, 2002	Three Ju
		(in millions of dollars)
Income before discontinued operations and minority and preferred interests (1) (2)	2.9	
Funds from operations of discontinued operations	1.0	
Depreciation and amortization (3)	20.2	
Share of Unconsolidated Joint Ventures' depreciation and amortization (4)	7.7	
Charge related to technology investments	8.1	
Non-real estate depreciation	(0.7)	
Minority partners in consolidated joint ventures share of funds from operations	(0.7)	
Preferred dividends and distributions	(6.4)	

Funds from Operations - TRG	32.0
Funds from Operations allocable to TCO	19.8

(1) Includes gains on peripheral land sales of $2.3 million and $1.5 million for the three
30, 2002 and June 30, 2001, respectively.
(2) Includes net non-cash straightline adjustments to minimum rent revenue and ground re
million and $0.1 million for the three months ended June 30, 2002 and June 30, 2001, res
(3) Includes $0.8 million and $0.7 million of mall tenant allowance amortization for the
June 30, 2002 and June 30, 2001, respectively.
(4) Includes $0.6 million of mall tenant allowance amortization for both the three mon
2002 and June 30, 2001.
(5) Amounts in this table may not add due to rounding.

	Six Months Ended June 30, 2002	Six Ju
	(in millions of dollars)	
Income before discontinued operations, cumulative effect of change in accounting principle, and minority and preferred interests (1) (2)	11.1	
Funds from operations of discontinued operations	3.2	
Depreciation and amortization (3)	40.9	
Share of Unconsolidated Joint Ventures' depreciation and amortization (4)	17.2	
Charge related to technology investments	8.1	
Non-real estate depreciation	(1.4)	
Minority partners in consolidated joint ventures share of funds from operations	(1.6)	
Preferred dividends and distributions	(12.8)	
Funds from Operations - TRG	64.7	
Funds from Operations allocable to TCO	39.9	

(1) Includes gains on peripheral land sales of $4.2 million and $2.8 million for the six
30, 2002 and June 30, 2001, respectively.
(2) Includes net non-cash straightline adjustments to minimum rent revenue and ground re
million and $0.2 million for the six months ended June 30, 2002 and June 30, 2001, respe
(3) Includes $1.5 million and $1.3 million of mall tenant allowance amortization for th
June 30, 2002 and June 30, 2001, respectively.
(4) Includes $1.1 million and $1.0 million of mall tenant allowance amortization for th
June 30, 2002 and June 30, 2001, respectively.
(5) Amounts in this table may not add due to rounding.

Reconciliation of Funds from Operations to Income

	Three Months Ended June 30, 2002	Th
	(in millions of dollars)	
Funds from Operations-TRG	32.0	
Charge related to technology investments	(8.1)	

Depreciation adjustments:	
Consolidated Businesses' depreciation and amortization	(20.2)
Minority partners in consolidated joint ventures share of depreciation and amortization	1.2
Depreciation of TCO's additional basis	1.9
Non-real estate depreciation	0.7
Share of Unconsolidated Joint Ventures' depreciation and amortization	(7.7)
Discontinued operations' funds from operations	(1.0)
Income (loss) from continuing operations allocable to TRG unitholders	(1.3)
TCO's ownership share of income (loss) of TRG (1)	(0.8)
TCO basis differences-	
Depreciation of TCO's additional basis	(1.9)
Income (loss) before distributions in excess of earnings allocable to minority interest - TCO	(2.6)
Distributions in excess of earnings allocable to minority interest	(3.1)
Income (loss) from continuing operations allocable to TCO common shareowners	(5.8)

(1) TCO's average ownership of TRG was approximately 61.8% and 61.4% during the three mon
2002 and 2001.

(2) Amounts in this table may not add due to rounding.

	Six Months Ended June 30, 2002	S
	(in millions of dollars)	
Funds from Operations-TRG	64.7	
Charge related to technology investments	(8.1)	
Depreciation adjustments:		
Consolidated Businesses' depreciation and amortization	(40.9)	
Minority partners in consolidated joint ventures share of depreciation and amortization	2.3	
Depreciation of TCO's additional basis	3.8	
Non-real estate depreciation	1.4	
Share of Unconsolidated Joint Ventures' depreciation and amortization	(17.2)	
Discontinued operations' funds from operations	(3.2)	
Income from continuing operations allocable to TRG unitholders	2.7	
TCO's ownership share of income of TRG (1)	1.7	
TCO basis differences-		
Depreciation of TCO's additional basis	(3.8)	
Income (loss) before distributions in excess of earnings allocable to minority interest - TCO	(2.1)	
Distributions in excess of earnings allocable to minority interest	(6.8)	

Loss from continuing operations allocable to TCO common shareowners	(8.8)

(1) TCO's average ownership of TRG was approximately 61.7% and 61.4% during the six mon 2002 and 2001.
(2) Amounts in this table may not add due to rounding.

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Dividends

The Company pays regular quarterly dividends to its common and Series A preferred shareown its common shareowners are at the discretion of the Board of Directors and depend on the cash Company, its financial condition, capital and other requirements, and such other factor Directors deems relevant. To qualify as a REIT, the Company must distribute at least 90% o income to its shareowners, as well as meet certain other requirements. Preferred dividends ac whether earnings, cash availability, or contractual obligations were to prohibit the cu dividends. The preferred stock is callable in October 2002. The Company has no present inten preferred equity.

On May 30, 2002, the Company declared a quarterly dividend of $0.255 per common share payabl shareowners of record on July 1, 2002. The Board of Directors also declared a quarterly divide share on the Company's 8.3% Series A Preferred Stock for the quarterly dividend period ended Jun was paid on July 1, 2002 to shareowners of record on June 20, 2002.

The Company previously reported its estimate of the tax status of total 2002 common dividend be declared, assuming continuation of a $0.255 per common share quarterly dividend, to be return of capital and 72% of ordinary income. The tax status of total 2002 dividends to b Preferred Stock was estimated to be 100% ordinary income. The effects on the tax status of div acquisitions and dispositions and other transactions are currently being determined. Certain si could cause actual results to differ materially, including: 1) the amount of dividends declar the Company's share of anticipated taxable income of the Operating Partnership due to the act Operating Partnership, 3) changes in the number of the Company's outstanding shares, 4) proper dispositions, 5) financing transactions, including refinancing of existing debt, 6) changes in amount and nature of development activities, and 8) changes in the tax laws or their application.

The annual determination of the Company's common dividends is based on anticipated Fund available after preferred dividends, as well as financing considerations and other appropriate the Company has decided that the growth in common dividends will be less than the growth in Fund for the immediate future. Based on current tax laws and earnings projections, the Company growth in common dividends will be less than the growth in Funds from Operations for at least thr

Any inability of the Operating Partnership or its Joint Ventures to obtain financing a maturing debts, capital expenditures and changes in working capital, including developmen expansions, may require the utilization of cash to satisfy such obligations, thereby distributions to partners of the Operating Partnership and funds available to the Company dividends.

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Capital Spending

Capital spending for routine maintenance of the shopping centers is generally recovered

following table summarizes capital spending through June 30, 2002 that is not recovered from t excludes acquisitions of interests in operating centers (see Results of Operations – Dispositions).

	For the Six Months Ended June 30, 2002		
	Consolidated Businesses	Unconsolidated Joint Ventures (1)	Beneficial I Consolidated and Uncons Joint Ventu
	(in millions of dollars)		
Development, renovation, and expansion:			
Existing centers	3.5	(1.4)	2
New centers	26.7 (3)	34.7 (4)	44
Pre-construction development activities, net of charge to operations	4.3		4
Mall tenant allowances (5)	2.4	2.3	3
Corporate office improvements and equipment	1.4		1
Other	0.7	0.1	0
Total	39.0	35.7	57

(1) Costs are net of intercompany profits.
(2) Primarily includes the Operating Partnership's share of construction costs for Stony and The Mall at Millenia (a 50% owned unconsolidated joint venture).
(3) Primarily includes costs related to Stony Point Fashion Park.
(4) Primarily includes costs related to The Mall at Millenia.
(5) Excludes tenant allowances for the new centers.

For the six months ended June 30, 2002, in addition to the costs above, the Company incurre share of capitalized leasing costs and its $1.4 million share of repair and asset replacement reimbursed by tenants. Also during this period, the Company was reimbursed by tenants fo capitalizable expenditures of prior periods. The expenditures reimbursable by the tenants reimbursements are classified as recoverable expenses and expense recoveries, respectively, and b in the Company's Funds from Operations.

The following table summarizes planned capital spending for the entire year of 2002 (described in the table above) that is not recovered from tenants. The table excludes acquisit in operating centers (see Results of Operations - Acquisitions and Dispositions).

	2002		
	Consolidated Businesses	Unconsolidated Joint Ventures (1)	Beneficial I Consolidated and Uncons Joint Ventu
	(in millions of dollars)		
Development, renovation, and expansion	49.6 (3)	99.3 (4)	99
Mall tenant allowances (5)	9.6	16.3	17
Pre-construction development and other	8.0	0.3	8
Total	67.2	115.9	124

(1) Costs are net of intercompany profits.
(2) Primarily includes the Operating Partnership's share of construction costs for The M

50% owned unconsolidated joint venture) and Stony Point Fashion Park.

(3) Primarily includes costs related to Stony Point Fashion Park.

(4) Primarily includes costs related to The Mall at Millenia.

(5) Excludes tenant allowances for the new centers.

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The Operating Partnership has entered into a 50%-owned joint venture to develop The Mall at M under construction in Orlando, Florida. This project is expected to cost approximately $200 m October 2002. The Mall at Millenia will be anchored by Bloomingdale's, Macy's, and Neiman there are fully executed leases on over 80% of the tenant space and leases out for signature on tenant space. The Company expects the center to be between 75% to 80% occupied at occupancy anticipated by the beginning of December 2002. The Company expects to achieve an project at stabilization, which is anticipated to be in 2003.

Stony Point Fashion Park, a new 690,000 square foot open-air center under construction in Ri will be anchored by Dillard's, Saks, and Galyan's. The center, scheduled to open in September to cost approximately $115 million. Currently, 30% of the available tenant space has fully ex additional 30% of tenant space is committed with leases out for signature and an additional 2 is under negotiation.

The Company's approximately $26 million balance of development pre-construction costs a consists primarily of costs relating to its Oyster Bay project in Syosset, New York. Both Neim & Taylor have made announcements committing to the project. Although the Company still n necessary zoning approvals to move forward with the project, the Company is encouraged by Supreme Court's recent decision to annul the unfavorable zoning actions of the Oyster Bay Town Company expects continued success with ongoing litigation, the process may not be resolved in t addition, if the litigation is unsuccessful, the Company would expect to recover substantially in this project under possible alternative uses for the site.

The Operating Partnership and The Mills Corporation have formed an alliance to develop val projects in major metropolitan markets. The amended agreement, which expires in May 2008, companies to jointly develop and own at least four of these centers, each representing approxim of capital investment. A number of locations across the nation are targeted for future initiative

The Operating Partnership anticipates that its share of costs for development projects completed in 2003 will be as much as $80 million in 2003. Estimates of future capital spend projects approved by the Company's Board of Directors and, consequently, estimates will chan are approved. Estimates regarding capital expenditures, occupancy, and returns on new devel above are forward-looking statements and certain significant factors could cause the actual materially, including but not limited to: 1) actual results of negotiations with anch contractors, 2) changes in the scope and number of projects, 3) cost overruns, 4) timing of financing considerations, 6) actual time to complete projects, 7) changes in economic climat from others attracting tenants and customers, 9) increases in operating costs, 10) timing of ten 11) early lease terminations and bankruptcies.

Cash Tender Agreement

A. Alfred Taubman has the annual right to tender to the Company units of partnership interes Partnership (provided that the aggregate value is at least $50 million) and cause the Compa tendered interests at a purchase price based on a market valuation of the Company on the tradin preceding the date of the tender (the Cash Tender Agreement). At A. Alfred Taubman's electio certain others may participate in tenders. The Company will have the option to pay for thes available cash, borrowed funds, or from the proceeds of an offering of the Company's common the Company expects to finance these purchases through the sale of new shares of its stoc partner will bear all market risk if the market price at closing is less than the purchase p

the costs of sale. Any proceeds of the offering in excess of the purchase price will be for t
the Company.

Based on a market value at June 30, 2002 of $15.25 per common share, the aggregate value o
Operating Partnership that may be tendered under the Cash Tender Agreement was approximately
purchase of these interests at June 30, 2002 would have resulted in the Company owning an addit
in the Operating Partnership.

PART II

OTHER INFORMATION

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The information required by this item is included in this report at Item 2 under the captio
Capital Resources - Sensitivity Analysis".

Item 4. Submission of Matters to a Vote of Security Holders

On May 30, 2002, the Company held its annual meeting of shareholders. The matters on which s
were: the election of two directors to serve a three year term, and the ratification of the Boa
Deloitte & Touche LLP as the Company's independent auditors for the year ended December 31,
Taubman and Lisa A. Payne were re-elected at the meeting, and the six remaining incumbent dire
hold office after the meeting. The shareholders ratified the selection of the independent audi
of the voting are shown below:

ELECTION OF DIRECTORS

NOMINEES	VOTES FOR	VOTES WITHHELD
Robert S. Taubman	54,792,572	17,460,754
Lisa A. Payne	72,176,216	77,110

In May 2002, Institutional Shareholder Services issued a report recommending shareholders w
Robert S. Taubman for standing as an insider on the Nominating Committee of the Company's Board o

RATIFICATION OF AUDITORS

71,265,573	Votes were cast for ratification;
965,243	Votes were cast against ratification; and
22,510	Votes abstained (including broker non-votes).

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits

10 (a) -- Amended and Restated Agreement of Partnership of Sunvalley Associ
California general partnership.

10 (b) -- First Amendment to the Second Amendment and Restatement of Agre

Partnership of the Taubman Realty Group Limited Partnership da
1998.

12 -- Statement Re: Computation of Taubman Centers, Inc. Ratio of Ea
Fixed Charges and Preferred Dividends and Distributions.

99 (a) -- Debt Maturity Schedule

99 (b) -- Debt Maturity Schedule

b) Current Reports on Form 8-K.

None

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TAUBMAN CENTERS, INC.

Date: August 14, 2002

By: /s/ Lisa A. Payne

Lisa A. Payne
Executive Vice President,
Chief Financial and Administra
and Director

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