

INLAND REAL ESTATE CORP
Form DEF 14A
April 30, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

INLAND REAL ESTATE CORPORATION
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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

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INLAND REAL ESTATE CORPORATION

NOTICE OF
ANNUAL MEETING OF STOCKHOLDERS
AND
PROXY STATEMENT

Date: June 18, 2014
Time: 10:00 a.m. central time
Place: 2901 Butterfield Road
Oak Brook, Illinois
60523

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Inland Real Estate Corporation
2901 Butterfield Road
Oak Brook, Illinois 60523
(888) 331-4732

**Notice of Annual Meeting of Stockholders
to be held June 18, 2014**

Dear Stockholder:

Our annual stockholders meeting will be held on June 18, 2014, at 10:00 a.m. central time, at our principal executive offices located at 2901 Butterfield Road in Oak Brook, Illinois 60523. At our annual meeting, we will ask you to:

1. elect eight directors;
2. ratify the selection of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014;
3. approve the 2014 Equity Award Plan;
4. vote upon a non-binding, advisory resolution to approve our executive compensation; and
5. transact any other business that may properly be presented at the annual meeting and at any adjournment or postponement thereof.

We are relying on Securities and Exchange Commission rules that allow us to furnish proxy materials to you via the Internet. Unless you have already requested to receive a printed set of proxy materials, you will receive a Notice Regarding the Internet Availability of Proxy Materials. This Notice contains instructions on how to access proxy materials and authorize a proxy to vote your shares via the Internet or, if you prefer, to request a printed set of proxy materials at no additional cost to you.

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Only common stockholders of record at the close of business on April 17, 2014, will be entitled to vote at the meeting or any continuation(s), postponement(s) or adjournment(s) thereof. A list of these stockholders will be available at our offices at least ten days before the annual meeting.

Please sign, date and promptly return the enclosed proxy card in the enclosed envelope, or authorize a proxy by telephone or Internet (instructions are on your proxy card), so that your shares will be represented whether or not you attend the annual meeting.

By order of the Board of Directors,

/s/ Beth Sprecher Brooks

Beth Sprecher Brooks

Senior Vice President, Secretary and General Counsel

May 9, 2014

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INFORMATION ABOUT THE ANNUAL MEETING

This proxy statement contains information related to the annual meeting (the annual meeting) of stockholders to be held June 18, 2014, beginning at 10:00 a.m. central time, at our principal executive offices located at 2901 Butterfield Road, Oak Brook, Illinois 60523, and any postponements or adjournments thereof. This proxy statement contains information we are required to provide to you under the rules of the Securities and Exchange Commission (the SEC).

Information Regarding this Solicitation

We are delivering these proxy materials to each record holder in connection with the solicitation by our board of directors of proxies to be voted at the annual meeting, and at any continuations, postponements or adjournments thereof. If you own shares of common stock in more than one account, such as individually and jointly with your spouse, you may receive more than one set of these materials. Please make sure to vote all of your shares.

Available Information. We are taking advantage of rules promulgated by the Securities and Exchange Commission that allow companies to furnish proxy materials to their stockholders over the Internet. We believe that this e-proxy process will, among other things, result in the proxy materials being provided to stockholders more quickly and at a lower cost. If you held shares of our common stock as of the close of business on April 17, 2014 (the Record Date), you are being provided with a Notice of Internet Availability of Proxy Materials (the Notice of Internet Availability). We will send a full set of proxy materials or a Notice of Internet Availability on or about May 9, 2014, and provide access to our proxy materials over the Internet, beginning on May 1, 2014, for the holders of record and beneficial owners of our common stock as of the close of business on the Record Date. The Notice includes instructions on accessing the proxy materials over the Internet and requesting printed copies of these materials. Any stockholder may request to receive proxy materials in printed form, at no additional cost, by following the instructions set forth in the Notice. The Notice of Internet Availability also instructs you on how you may authorize your proxy over the Internet.

Purpose of the Annual Meeting

The board of directors of Inland Real Estate Corporation, a Maryland corporation (referred to herein as the Company, we, our or us), is soliciting your vote for the 2014 annual meeting of the Company's stockholders. At the meeting, you will be asked to:

1. elect eight directors;

2. ratify the selection of KPMG LLP (sometimes referred to herein as KPMG) as our independent registered public accounting firm for the fiscal year ending December 31, 2014;

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3. approve the 2014 Equity Award Plan;
4. vote upon a non-binding, advisory resolution to approve executive compensation; and
5. transact any other business that may properly be presented at the annual meeting and at any adjournment or postponement thereof.

Our board of directors recommends that you vote **FOR** each of the above proposals.

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Attending the Annual Meeting. If you plan on attending the annual meeting in person, please contact Ms. Dawn Benchelt, Director of Investor Relations, at (888) 331-4732, so that we can arrange for sufficient space to accommodate all attendees. If you attend, please note that you may be asked to present valid government-issued picture identification. Please also note that if you hold your shares in street name (that is, through a broker or other nominee), you will need to bring a copy of your voting instruction card or brokerage statement reflecting your stock ownership as of the Record Date and check in at the registration desk at the meeting. Cameras, recording devices, cell phones and other electronic devices will not be permitted at the meeting other than those operated by the Company or its designees.

Other Matters. Generally, no business aside from the items discussed in this proxy statement may be transacted at the annual meeting. We are not aware of any other matter to be presented at the meeting; however, if any other proposals properly come before the meeting as determined by the chairman of the meeting, your proxies are authorized to act on the proposal at their discretion. Generally, stockholders seeking to make a nomination or bring other business before the meeting must provide, among other things, notice thereof in writing to our corporate secretary at our office not less than forty-five days before the anniversary date on which we first mailed our notice of meeting and proxy materials for the meeting of stockholders held last year. We mailed the notice and proxy materials on May 17, 2013 for the meeting of stockholders held last year. Therefore, any stockholder desiring to nominate a person for election to our board or to bring other business before the meeting is required to have provided us with notice of any nominations or such other business by April 2, 2014. We did not receive notice of any proposal by that date.

Information Regarding Stockholders

Stockholders Entitled to Vote. The close of business on April 17, 2014, has been fixed as the Record Date for determining common stockholders entitled to notice of, and to vote at, the annual meeting or any adjournments or postponements of the meeting. A list of these stockholders will be available at our offices at least ten days before the meeting. Common stockholders of record will have one vote for each share of our common stock that they owned at the Record Date. There is no cumulative voting.

As of the Record Date, there were 99,778,868 shares of our common stock outstanding. As of the Record Date, The Inland Group, Inc. (referred to herein as TIGI) and its affiliates had the power to vote approximately 11,437,059 shares representing approximately 12.0% of our outstanding common stock. Daniel L. Goodwin, one of our directors, is the controlling stockholder of TIGI.

Record Holder and Street Name Holders. You are a record holder if you held our shares directly in your name as recorded by our registrar and transfer agent, Registrar and Transfer Company, as a common stockholder at the Record Date. If you held your shares through a bank, financial institution, trust or other nominee as of the Record Date, then you are a holder of our shares in street name.

Information Regarding Voting

Record Holders. If you are a record holder, you may vote in person or by granting one or more individuals the right to vote as your proxy on the proposals. You may authorize Thomas P. D Arcy, Mark E. Zalatoris and Beth Sprecher Brooks to vote as your proxy in any of the following ways:

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1. *by mail*: sign, date and return the proxy card in the enclosed envelope;

2. *via telephone*: dial (800)-690-6903 any time prior to 11:59 p.m. Eastern Time on June 17, 2014, and follow the instructions provided on the proxy card; or

3. *via the Internet*: go to www.proxyvote.com any time prior to 11:59 p.m. Eastern Time on June 17, 2014, and follow the instructions provided on the proxy card.

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If you return a properly executed proxy card but do not indicate how your shares should be voted, they will be voted in accordance with our board's recommendation for each proposal. You may revoke your proxy at any time before it is exercised by: (1) sending written notice to us to the attention of Mr. Mark E. Zalatoris; (2) providing us with a later-dated, properly executed proxy; or (3) attending the annual meeting in person and voting your shares. Merely attending the annual meeting, without further action, will not revoke a prior grant of the right to vote your shares by proxy.

Street Name Holders. If you hold your shares in street name, you must instruct your broker or other nominee to vote your shares. You should review the voting form used by your broker or other nominee to determine the method by which you may provide voting instructions to the broker or other nominee.

Broker Non-Votes. A broker non-vote occurs when a stockholder holding our shares in street name fails to provide voting instructions to his or her broker or other nominee. Under the rules of the New York Stock Exchange (the NYSE), if you do not provide voting instructions, the firm that holds your shares will have discretionary authority to vote your shares only with respect to routine matters. Of the items to be considered at our annual meeting, only the appointment of KPMG is considered routine. Those non-routine items for which a stockholder's broker or other nominee has not received instructions to vote are treated as broker non-votes. If you do not provide voting instructions to your broker or other nominee, your shares will not be voted or counted towards any of the items other than Proposal 2 (Ratification of KPMG). Broker non-votes will not count as a vote cast with respect to any non-routine matter. We encourage you to provide instructions to your broker or other nominee regarding the voting of your shares.

Abstentions. Abstentions will be treated as being present at the annual meeting for purposes of establishing a quorum but will not count as a vote cast with respect to a matter.

Tabulation of the Vote. A representative from Broadridge will tabulate all votes cast at the annual meeting and will act as the inspector of election at the meeting.

Information Regarding Votes Necessary for Action to Be Taken

Quorum Requirement. Persons with the right to vote a majority of our outstanding shares as of the Record Date must be present in person or by proxy in order for action to be taken at the annual meeting. For these purposes, abstentions and broker non-votes will be counted as present for establishing a quorum.

Proposal 1 (Election of Directors). Nominees must receive a majority of the votes cast for election at a meeting at which a quorum is present. This means that the number of shares voted for a nominee must exceed the number of shares voted against that nominee in order for that nominee to be elected. Only votes cast for or against are counted as votes cast with respect to a nominee.

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Proposal 2 (Ratification of KPMG). The affirmative vote of a majority of the votes cast at a meeting at which a quorum is present is required for the ratification of our selection of KPMG as our independent registered public accounting firm for the year ending December 31, 2014.

Proposal 3 (Approval of 2014 Equity Award Plan) The affirmative vote of a majority of the votes cast at a meeting at which a quorum is present is required to approve the 2014 Equity Award Plan.

Proposal 4 (Advisory Resolution on Executive Compensation). The affirmative vote of a majority of the votes cast at a meeting at which a quorum is present is required to approve the non-binding, advisory resolution to approve executive compensation.

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Right of Appraisal

None of the proposals, if approved, entitle any of our stockholders to appraisal rights under Maryland law.

Costs of Proxies

We will pay the cost and expenses of printing and mailing the Notice of Internet Availability and soliciting and obtaining the proxies. We also intend to request that brokers, banks and other nominees solicit proxies from their principals. We will reimburse the brokers, banks and other nominees for certain expenses that they incur for these activities. Proxies may be solicited, without additional compensation, by our directors, officers or employees by mail, telephone, email, personal interviews or other methods of communication. We have retained Georgeson Inc. to solicit proxies. The cost of such services is estimated to be \$9,000, plus the reimbursement of out-of-pocket costs and expenses. In addition, certain of our officers, directors and employees (who will receive no extra compensation for their services) may solicit proxies by telephone, by fax or in person.

Householding

As permitted by the Securities Exchange Act of 1934, as amended, only one copy of this proxy statement is being delivered to stockholders residing at the same address, unless the stockholders have notified the Company of their desire to receive multiple copies of the proxy statement. This is known as householding.

The Company will promptly deliver, upon oral or written request, a separate copy of the proxy statement to any stockholder residing at an address to which only one copy was mailed. Requests for additional copies for the current year or future years should be directed to us in writing at 2901 Butterfield Road, Oak Brook, Illinois 60523, Attention: Investor Relations. Stockholders of record residing at the same address and currently receiving multiple copies of the proxy statement may contact us, to request that only a single copy of the proxy statement be mailed in the future.

Electronic Access/Available Information

You can elect to view future proxy statements and annual reports over the Internet instead of receiving paper copies in the mail. If you are a record holder, you can choose this option and save us the cost of producing and mailing these documents by following the instructions provided to you when you authorize your proxy over the Internet. If you choose to receive your proxy materials by accessing the Internet, then before next year's annual meeting, you will receive a Notice of Internet Availability of Proxy Materials when the proxy materials and annual report are available over the Internet. Your choice will remain in effect until you tell us otherwise. You do not have to elect Internet access each year. To view, cancel or change your enrollment, please go to www.proxyvote.com.

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We file reports, proxy materials and other information with the SEC. These reports, proxy materials and other information can be inspected and copied at the Public Reference Room maintained by the SEC at 100 F Street, NE, Washington, D.C. 20549. Copies also can be obtained by mail from the Public Reference Room at prescribed rates. Please call the SEC at (800) SEC-0330 for further information on the operation of the Public Reference Room. In addition, the SEC maintains an Internet website (<http://www.sec.gov>) that contains reports, proxy and information statements and other information filed electronically with the SEC.

Important Notice Regarding the Availability of Proxy Materials

This proxy statement, the proxy card and our Annual Report are available on our website at www.inlandrealstate.com. Additional copies of this proxy statement or our Annual Report will be furnished to you, without charge, by writing us at 2901 Butterfield Road, Oak Brook, Illinois 60523, Attention: Investor Relations. If requested by eligible stockholders, we also will provide copies of exhibits to our Annual Report for a reasonable fee.

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The following table shows the amount of common stock beneficially owned (unless otherwise indicated) by: (1) persons (including any groups as that term is used in Section 13(d)(3) of the Exchange Act) who are known to us to beneficially own more than 5% of the outstanding shares of our common stock; (2) our directors and each nominee for director; (3) the executive officers; and (4) the directors and executive officers as a group. Except as otherwise indicated, all information is as of April 17, 2014. The percent of class is calculated using 99,778,868 shares outstanding as of April 17, 2014.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
The Vanguard Group, Inc.(6)	12,138,906	12.2 %
Daniel L. Goodwin(1)(2)	11,926,179 (3)	12.0 %
The Inland Group, Inc.(4)	11,925,854 (3)	12.0 %
Inland Real Estate Investment Corporation(5)	11,916,763 (3)	12.0 %
BlackRock, Inc.(9)	9,275,625	9.3 %
Inland Investment Stock Holding Corporation(8)	7,212,118 (3)	7.2 %
Vanguard Specialized Funds - Vanguard REIT Index Fund - 23-2834924(7)	6,065,728	6.1 %
Mark E. Zalatoris(11)(12)	148,313	*
Brett A. Brown(11)(14)	66,467	*
D. Scott Carr (11)(13)	65,123	*
Joel D. Simmons(1)(15)	47,078	*
William W. Anderson(11)(16)	45,145	*
Beth Sprecher Brooks(11)(19)	37,849	*
Heidi N. Lawton(1)(17)	35,033	*
Thomas H. McAuley(1)(20)	32,786	*
Thomas P. D Arcy(1)(21)	31,886	*
Joel G. Herter(1)(18)	31,461	*
Thomas R. McWilliams(1)(22)	23,786	*
All Executive Officers and Directors as a Group	12,492,506	12.5 %

* Less than 1.0%.

(1) Director.

(2) Mr. Goodwin's business address is 2901 Butterfield Road, Oak Brook, Illinois 60523. Mr. Goodwin has sole voting power over 2,345,477 shares, shared voting power over 9,138,682 shares, sole dispositive power over 13,786 shares, and shared dispositive power over 11,916,763 shares. Mr. Goodwin beneficially owns all the shares beneficially owned by TIGI, which beneficially owns 9,091 shares directly and an additional 11,916,763 shares indirectly (including 7,212,118 shares owned directly by Inland Investment Stock Holding Corporation (IISHC), 137,110 shares owned directly by Partnership Ownership Corporation (POC) and 4,567,535 shares owned by other TIGI subsidiaries or managed by Inland Investment Advisors, Inc. (Adviser)). IISHC, POC and Adviser are wholly owned subsidiaries of Inland Real Estate Investment Corporation (IREIC), which in turn is a wholly owned subsidiary of TIGI. Mr. Goodwin is the controlling shareholder of TIGI.

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- (3) As of April 17, 2014, 2,345,477 of the shares reported in the table as beneficially owned by Mr. Goodwin, TIGI and IREIC were pledged as security in a brokerage margin account, and 7,212,118 shares owned directly by IISHC and 137,110 shares owned directly POC, were pledged as security to banks for a secured revolving credit facility

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extended to IREIC. Mr. Goodwin is neither a party to the agreement governing the credit facility nor has he directly received any proceeds from that facility. See footnote (2) above for the relationship of Mr. Goodwin, TIGI and IREIC to the pledgors IISHC and POC.

(4) TIGI's business address is 2901 Butterfield Road, Oak Brook, Illinois 60523. TIGI shares voting power over 9,138,682 shares and dispositive power over all of the shares that it beneficially owns. TIGI beneficially owns 9,091 shares directly and 11,916,763 shares indirectly (including 7,212,118 shares owned directly by IISHC, 137,110 shares owned directly by POC and 4,567,535 shares owned by other TIGI subsidiaries or managed by Adviser).

(5) IREIC's business address is 2901 Butterfield Road, Oak Brook, Illinois 60523. IREIC shares voting power over 7,396,328 shares and dispositive power over all of the shares that it beneficially owns. IREIC beneficially owns all of its shares indirectly (including 7,212,118 shares owned directly by IISHC, 137,110 shares owned directly by POC and 4,567,535 shares owned by other TIGI subsidiaries or managed by Adviser).

(6) The business address for The Vanguard Group, Inc. -23-1945930 is 100 Vanguard Blvd., Malvern, Pennsylvania 19355. The Vanguard Group has sole voting power over 232,224 shares and shared voting power over 57,000 shares and shared dispositive power over 189,124 shares and sole dispositive power 11,949,782 shares. The information contained herein respecting The Vanguard Group, Inc. is based solely on the Schedule 13G filed by The Vanguard Group with the SEC on February 11, 2014.

(7) The business address for Vanguard Specialized Funds - Vanguard REIT Index Fund - 23-2834924 is 100 Vanguard Blvd., Malvern, Pennsylvania 19355. The Vanguard Group has sole voting power over all of the shares that it beneficially owns. The information contained herein respecting The Vanguard Group, Inc. is based solely on the Schedule 13G filed by The Vanguard Group with the SEC on February 4, 2014.

(8) IISHC's business address is 701 North Green Valley Parkway, Henderson, Nevada 89074. IISHC shares voting and dispositive power over all of the shares that it beneficially owns.

(9) The business address for BlackRock, Inc. is 40 East 52nd Street, New York, New York 10022. BlackRock, Inc. has sole voting power over 8,934,884 shares and sole dispositive power over 9,275,625 shares. The information contained herein respecting BlackRock, Inc. is based solely on the Schedule 13G filed by BlackRock, Inc. with the SEC on January 29, 2014.

(10) Adviser's business address is 2901 Butterfield Road, Oak Brook, Illinois 60523. Adviser shares voting power over 47,100 shares and dispositive power over 4,567,535 shares.

(11) Executive Officer.

(12) Mr. Zalatoris has sole voting and investment power over 60,239 shares and shared voting and investment power over 88,074 shares. Mr. Zalatoris's beneficial ownership includes 5,713 shares underlying an option presently exercisable. Mr. Zalatoris and his wife's beneficial ownership includes 2,100 shares and 1,700 shares directly owned by the Joanne Zalatoris Trust and the Scott Zalatoris Trust, respectively.

(13) Mr. Carr has sole voting and investment power over 36,260 shares and shared voting and investment power with his wife over 28,863 shares. Mr. Carr has sole investment power of 2,252 shares. Mr. Carr's beneficial ownership includes 2,082 shares underlying an option presently exercisable.

(14) Mr. Brown has sole voting and investment power over 35,437 shares and shared voting and investment power with his wife over 31,030 shares. Mr. Brown's beneficial ownership includes 2,252 shares underlying an option presently exercisable.

(15) Mr. Simmons has sole voting and investment power over all of the shares that he beneficially owns. Mr. Simmons's beneficial ownership includes 5,000 shares underlying options presently exercisable.

(16) Mr. Anderson has sole voting and investment power over 24,133 shares and shared voting and investment power with his wife over 21,012 shares. Mr. Anderson's beneficial ownership includes 1,868 shares underlying an option presently exercisable.

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(17) Ms. Lawton has sole voting and investment power over all of the shares she beneficially owns. Ms. Lawton's beneficial ownership includes 8,000 shares underlying options presently exercisable.

(18) Mr. Herter and his wife share voting and investment power over all of the shares that he beneficially owns. Mr. Herter and his wife's beneficial ownership includes 5,000 shares underlying options presently exercisable.

(19) Ms. Sprecher Brooks has sole voting and investment power over all the shares that she beneficially owns. Ms. Sprecher Brooks beneficial ownership includes 1,909 shares underlying an option presently exercisable.

(20) Mr. McAuley has sole voting and investment power over all of the shares that he beneficially owns. Mr. McAuley's beneficial ownership includes 3,000 shares underlying options exercisable.

(21) Mr. D'Arcy has sole voting and investment power over all of the shares that he beneficially owns. Mr. D'Arcy's beneficial ownership includes 10,000 shares underlying options presently exercisable.

(22) Mr. McWilliams has sole voting and investment power over all of the shares that he beneficially owns. Mr. McWilliams' beneficial ownership includes 10,000 shares underlying options presently exercisable.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), requires that each officer and director and each person (as that term is defined in the Exchange Act) beneficially owning more than 10% of our common stock (collectively, the Reporting Persons) file an initial statement of beneficial ownership (Form 3) and statements of changes in beneficial ownership (Forms 4 and 5) of our securities with the SEC. The Reporting Persons also are required to furnish us with copies of all Forms 3, 4 and 5 that they file. Based solely on a review of the copies of these forms furnished to us during and with respect to the fiscal year ended December 31, 2013, or written representations from our Reporting Persons that no additional forms were required, we believe that all of our Reporting Persons complied with these filing requirements in 2013.

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CORPORATE GOVERNANCE PRINCIPLES

Our business is managed under the direction and oversight of our board, which has formed three standing committees comprised entirely of independent directors as required by the New York Stock Exchange: audit; compensation; and nominating and corporate governance. Each committee's function is described below. The members of our board of directors on the date of this proxy statement, and the committees on which they serve, are identified below.

Director	Audit	Compensation	Nominating and Corporate Governance

(1) Indicates chairperson of the committee.

In his capacity as the chairman of the board, Thomas P. D Arcy organizes the work of the board and ensures that the board has access to sufficient information to carry out its functions, including monitoring our performance and the performance of management. The chairman of the board presides over all meetings of the board and stockholders, establishes the agenda for each meeting and oversees the distribution of information to directors. Our non-management directors meet regularly in executive session without members of management present. Our independent directors also may meet, without members of management or the non-independent directors present. Mr. D Arcy generally presides at these sessions. Each director has access to the members of our management team or other employees as well as full access to our books and records.

Our board has adopted Guidelines on Corporate Governance that, along with the charters adopted by each board committee and our code of ethics, provide the framework for our corporate governance. A complete copy of the guidelines, charters and code of ethics may be found using the Investor Relations link on our website at www.inlandrealestate.com. In addition, printed copies of these materials are available to any stockholder without charge by writing us at 2901 Butterfield Road, Oak Brook, Illinois 60523, Attention: Investor Relations.

Independence

As required by our Charter (our Fifth Articles of Amendment and Restatement), our bylaws and the New York Stock Exchange, a majority of the directors serving on our board must be independent.

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For purposes of complying with the requirements of Section 303A.02 of the Listed Company Manual of the New York Stock Exchange, which contains the standard for independence we have also adopted in our bylaws, a director will not be considered independent if that director has a material relationship with us, whether directly or as a partner, shareholder or officer of an organization that has a relationship with us. In addition, a director is not independent under Section 303A.02 if:

- the director is, or has been within the last three years, employed by us, or an immediate family member is, or has within the last three years, served as one of our executive officers;
- we paid the director or an immediate family member more than \$120,000 during any twelve-month period within the last three years in direct compensation (excluding amounts paid in the form of director and committee fees);

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- the director or an immediate family member is a current partner or employee of our internal or external auditor, the director's immediate family member is a current partner of our internal or external auditor, the director's immediate family member is a current employee of our internal or external auditor and personally works on our audit, or the director or an immediate family member, was within the last three years, a partner of, or employed by, our internal or external auditor and personally worked on our audit within that time;
- the director or an immediate family member is, or has within the last three years, been employed as an executive officer of another company where any of our present executive officers at the same time serves, or served, on that company's compensation committee; or
- the director is employed by, or an immediate family member is a current executive officer of, a company that has made payments to us or received payments from us for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of the other company's consolidated gross revenues.

A complete copy of the standards for independence applicable to our directors may be found under the Investor Relations section of our website at www.inlandrealestate.com by clicking the Governance Documents link. In addition, printed copies of these materials are available to any stockholder without charge by writing us at 2901 Butterfield Road, Oak Brook, Illinois 60523, Attention: Investor Relations.

Board Leadership Structure

Mr. D Arcy, as chairman of the board, is responsible for organizing the work of the board and presiding over board meetings. Because our chairman is independent, we do not have a separately designated lead independent director. Each board member is kept apprised of our business and developments impacting our business and has complete and open access to the members of our management team. The positions of chairman and chief executive officer are separate positions held by different individuals. Mr. Zalatoris, as chief executive officer, is responsible for the performance of the Company, consulting with the board on strategic direction and providing day-to-day leadership. We believe that having a chairman who is not the chief executive officer is the best governance model for us and our stockholders. Having the board operate under the leadership and direction of someone independent from management facilitates the board's fulfillment of its oversight responsibilities and its ability to function as an independent voice of the stockholders to hold management accountable for the performance of the Company. This division of authority and responsibilities also allows our chief executive officer to focus his time on running our day-to-day business.

Risk Oversight

Our board oversees risk through: (1) its review and discussion of regular periodic reports, including management reports and studies on existing market conditions, leasing activity and property operating data, as well as actual and projected financial results, and various other matters relating to our business; (2) its review of material transactions requiring board approval, including, among others, certain acquisitions and dispositions of properties and financings; (3) the oversight of our business and corporate governance policies through the proceedings of our independent audit, compensation and nominating and corporate governance committees; and (4) regular periodic reports from our independent registered public accounting firm, internal auditors and other outside consultants regarding various areas of potential risk, including, among others, those relating to our qualification as a REIT for tax purposes and our internal control over financial reporting.

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Specifically, our audit committee reviews the management of financial risk and our policies regarding risk assessment and risk management and reports on these items to the board. The audit committee meets periodically with our chief financial officer, senior internal auditing executive and the independent auditors to discuss financial risk exposures and the steps management has taken to monitor and control these exposures. The compensation committee oversees the design of the incentive compensation arrangements of our named executive officers and ensures that those arrangements do not encourage or reward excessive risk taking by our executives.

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Additional information concerning risks related to our compensation policies and practices is provided below under the caption Compensation and Risk Management.

In overseeing risk, the board also receives and reviews reports from our risk management committee, comprised entirely of employees, including our named executive officers and Carol Adams, our chief compliance officer. This committee was formed to identify, monitor, remediate and report on our risk exposure. Our risk management committee operates within the framework and based on criteria established in Internal Control Integrated Framework (1992) as disseminated by the Committee of Sponsoring Organizations of the Treadway Commission, a private-sector organization dedicated to establishing effective, efficient and ethical business operations. Our risk management committee, in conjunction with our internal control and Sarbanes-Oxley compliance efforts: (1) documents accountability for risk decisions and management; (2) establishes risk management responsibilities for employees; (3) identifies the key controls that are in place to monitor and mitigate risks; (4) maintains awareness of the interaction of our risks; (5) assesses and reports to the board all plausible risk scenarios; and (6) develops and maintains quantitative and qualitative methods for identifying and aggregating all significant risks. In addition, the risk management committee annually reviews all previously identified risks and assesses the probability and magnitude of future risks.

Compensation and Risk Management

The compensation committee, in consultation with our chief executive officer and general counsel, has reviewed the design and operation of our agreements with our named executive officers, including their individual performance goals and the objective measures of our performance that are used to determine the amount of incentive compensation we award them, as well as the compensation of our other employees, and has evaluated the relationship between our risk management policies and practices and our compensation policies and practices. As a result of this review, Mr. Zalatoris and the compensation committee have determined that our compensation policies and practices do not encourage our employees to take excessive or unnecessary risks and are not reasonably likely to have a material adverse effect on us. In reaching this conclusion, Mr. Zalatoris and the compensation committee considered a variety of factors, including base compensation and the cash and equity incentive award opportunities available under our employment agreements. Management and the compensation committee believe that the combination of the following factors should lead to executive and employee behavior that is consistent with our overall objectives and risk profile: (1) our balancing of base compensation and performance-based incentive compensation; (2) use of multiple Company and individual performance measures; (3) reliance on both quantitative and qualitative assessments of performance; and (4) awarding shares of common stock that vest over a multi-year period as part of both base and incentive compensation. Our base and incentive compensation have been allocated to achieve what Mr. Zalatoris and the compensation committee believe is an appropriate balance between incentive and retention objectives so as not to over-emphasize our short term performance at the expense of our long-term prospects. Mr. Zalatoris and the compensation committee believe that using several metrics, such as individual goals, our FFO growth and our total annual return to stockholders, properly balances our short-term and long-term objectives and allows the compensation committee and Mr. Zalatoris to use base and incentive compensation to guide the behavior of executives and employees in the direction that they believe is best for us and our stockholders and to avoid encouraging individual employees or groups of employees to engage in excessively risky courses of action in the misguided hope of accomplishing short-term personal gain at the expense of our overall performance and financial well-being. Mr. Zalatoris and the compensation committee believe that there are no incentive awards built into our compensation policies, practices and agreements that would cause a rational executive or employee to take excessive or unnecessary risks in pursuit of achieving a short-term or isolated improvement in a measure of our performance at the expense of weaker long-term, overall results for us and our stockholders.

Communicating with Directors

Persons wishing to communicate with our board, our non-management directors as a group or one or more individual directors, including our chairman in his capacity as our presiding director, may send communications in care of our corporate secretary who will forward the communication to the appropriate person or persons. Such communications may be anonymous and may be addressed to the board, our

non-management

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directors or our chairman or another director, in each case c/o corporate secretary, Inland Real Estate Corporation, 2901 Butterfield Road, Oak Brook, Illinois 60523.

Our non-retaliation policy prohibits us, or any of our employees, from retaliating or taking any adverse action against anyone for raising a concern. Persons preferring to raise their concerns in a confidential or anonymous manner may do so by contacting our ethics hotline at (888) 307-6342 or by contacting our general counsel, who will then refer the matter to the chairperson of the audit committee. The hotline is available twenty-four hours a day, seven days a week to receive reports of ethical concerns or incidents, including concerns about accounting, internal controls or auditing matters. Callers to this hotline may choose to remain anonymous. A complete copy of our Reporting and Non-Retaliation Policy (also known as a whistleblower policy) may be found through the Investor Relations link on our website at www.inlandrealestate.com.

Nominating and Corporate Governance Committee

The nominating and corporate governance committee is responsible for recommending director nominees to the board and develops and recommends corporate governance guidelines. The committee also prepares and supervises the board's review of director independence and the board's self-evaluation and makes recommendations to the board regarding committee assignments. All of the members of the committee satisfy the requisite independence standards of the New York Stock Exchange. Copies of our guidelines and the committee's charter are available on our website at www.inlandrealestate.com through the Investor Relations link. In addition, printed copies of our guidelines and the charter are available to any stockholder without charge by writing us at 2901 Butterfield Road, Oak Brook, Illinois 60523, Attention: Investor Relations.

The committee considers all qualified candidates identified by members of the committee, by other members of the board of directors, by senior management and by stockholders. In recommending candidates for director positions, the committee takes into account many factors and evaluates each director candidate in light of, among other things, the candidate's experience, independence, skills and expertise based on a variety of factors, including the person's experience or background in real estate management, development or finance, regulatory matters or corporate governance. The committee evaluates each individual candidate by considering all appropriate factors as a whole, favoring active deliberation rather than the use of rigid formulas to assign relative weights to these factors. The Company's Charter requires that, at a minimum, at least one of our independent directors must have had at least three years of relevant real estate experience. The committee also considers diversity in its broadest sense, including persons diverse in geography, gender and ethnicity as well as representing diverse experiences, skills and backgrounds. Based on its overall assessment of each candidate, the committee recommends nominees to the board.

The committee considers diversity in the course of the annual nominating process and monitors the effectiveness of the nominating process through its self-evaluation process.

Stockholders must submit all recommendations for director nominations in accordance with the procedures specified in Article II, Section 14 of our bylaws. Generally, this requires that the stockholder submit the nominee's name, resume and biographical information to the attention of our corporate secretary. All proposals for nomination received by the corporate secretary in a timely manner will be presented to the committee. The committee follows the same processes and uses the same criteria for evaluating candidates proposed by stockholders, members of the board and members of senior management. The committee did not receive any recommendations from stockholders of director nominees for election to the board at this year's annual meeting.

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As described above, a majority of the persons serving on our board must be independent. Our board has considered transactions and relationships between each director or any member of his or her immediate family and us or our affiliates, including those reported under Certain Relationships and Related Transactions below. The board also reviewed transactions and relationships between (1) directors and their affiliates and (2) members of our senior management and their affiliates to determine whether any relationships or transactions were inconsistent with a determination that the director is independent.

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The board affirmatively determined that the following persons standing for reelection to the board are independent: Ms. Lawton and Messrs. D Arcy, Herter, McAuley and McWilliams. Each of these directors satisfies the independence standards contained in the New York Stock Exchange corporate governance rules, our Charter and bylaws and our Corporate Governance Guidelines and has no material relationship with us, either directly or as a partner, stockholder or officer of an organization that has a relationship with us.

Audit Committee

The audit committee was established in accordance with Section 3(a)(58)(A) of the Exchange Act. The audit committee assists the board in fulfilling its oversight responsibility relating to: (1) the integrity of our financial statements; (2) our compliance with legal and regulatory requirements; (3) the qualifications, independence and performance of the independent registered public accounting firm; and (4) the performance of our internal audit function. The report of the committee is included in this proxy statement. Mr. Herter is the chairperson and Mr. McAuley and Mr. D Arcy are members of the audit committee. The board has determined that Messrs. Herter, McAuley and D Arcy each qualify as audit committee financial experts as defined by the SEC and that each member of the committee is independent in accordance with the standards established by the SEC and the New York Stock Exchange, as well as the standards set forth in the audit committee charter. Please see the biographies of each audit committee member, set forth on pages 16 and 17 hereof for a description of the experience that the board considered in determining that he qualifies as an audit committee financial expert. The audit committee charter may be found under the Investor Relations section of our website at www.inlandrealestate.com by clicking the Governance Documents link. In addition, a printed copy of the charter is available to any stockholder without charge by writing us at 2901 Butterfield Road, Oak Brook, Illinois 60523, Attention: Investor Relations.

Compensation Committee

The compensation committee is responsible for determining the compensation that we pay to our chief executive officer and the other named executive officers and for approving the compensation structure for our other senior management. Each member of the committee meets the additional standards for the independence of compensation committee members set forth in Section 303A.02 of the NYSE Listed Company Manual, and each is a non-employee director, as defined by Section 16 of the Exchange Act, and an outside director, as defined by Section 162(m) of the Internal Revenue Code of 1986, as amended. In making its determination that Ms. Lawton meets the independence standard for serving on the compensation committee, our board considered Ms. Lawton's status as a director on the board of Inland Diversified Real Estate Trust, Inc. (Inland Diversified), which is currently managed by subsidiaries of The Inland Group, Inc. Mr. Goodwin owns a controlling interest in The Inland Group, Inc., and we do business with subsidiaries of The Inland Group, Inc. as described under Certain Relationships and Related Party Transactions in this proxy statement below. No member of our management team serves or engages in transactions with Inland Diversified, and we do not have any relationship or engage in transactions with Inland Diversified other than participating in an insurance captive with Inland Diversified and utilizing certain services of subsidiaries of The Inland Group, Inc. some of which may also be utilized by Inland Diversified. The board concluded that Ms. Lawton's relationship to Inland Diversified did not place her under the direct or indirect control of us or our senior management or create a direct relationship between her and members of our senior management and that nothing about her relationship to Inland Diversified would impair her ability to make independent judgments about our executive compensation.

Under the compensation committee's charter, the committee may conduct or authorize investigations into or studies of matters within the committee's scope of responsibilities, and may retain, at the Company's expense, any independent counsel or other advisors as it deems necessary to assist it in carrying out its responsibilities, including sole authority to approve the consultant's fees and other terms of the engagement. The compensation committee also has the authority to grant stock awards under our 2005 Equity Award Plan, which authority would continue under our 2014 Equity Award Plan, if it is approved by our stockholders (see Proposal No. 3 elsewhere in this proxy statement). The compensation committee charter is available on our website at www.inlandrealestate.com through the Investor Relations link. In addition, a printed copy of

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the charter is available to any stockholder without charge by writing us at 2901 Butterfield Road, Oak Brook, Illinois 60523, Attention: Investor Relations.

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Role of Executive Compensation Consultant

Our compensation committee engaged Christenson Advisory Services, LLC (Christenson) at the Company's expense in late 2013 as an independent compensation consultant to conduct a comprehensive compensation analysis for use in setting future compensation. Christenson's analysis and recommendations were not intended to affect, and had no effect on, 2013 compensation. Christenson was engaged to conduct a market survey to analyze our compensation practices and policies with respect to our top seven executives, including our five named executive officers, to provide design considerations and to propose to our compensation committee possible adjustments to the Company's annual incentive compensation practices to ensure that they are competitive with current market practices. Our compensation committee met with Christenson both separately and with Mr. Zalatoris to consider the results of Christenson's analysis and his recommendations. In compliance with the disclosure requirements of the SEC regarding the independence of compensation consultants, Christenson addressed each of the six independence factors established by the SEC, and his responses were assessed by our compensation committee. Based on this assessment, the compensation committee determined that the engagement of Christenson did not raise any conflict of interest.

Code of Ethics

Our board has adopted Guidelines on Corporate Governance that, along with the charters adopted by each board committee and our Code of Ethics, provide the framework for our corporate governance. Our Code of Ethics applies to all of our employees, including our chief executive officer, chief financial officer and controller, and our directors. A complete copy of the Guidelines on Corporate Governance, the Code of Ethics and the committee charters may be found under the Investor Relations section of our website at www.inlandrealstate.com by clicking the Governance Documents link. In addition, printed copies of these materials are available to any stockholder without charge by writing us at 2901 Butterfield Road, Oak Brook, Illinois 60523, Attention: Investor Relations.

PROPOSAL NO. 1 ELECTION OF DIRECTORS

Our board, acting on the recommendation of our nominating and corporate governance committee, has nominated the persons set forth below to serve as directors. Ms. Lawton and Messrs. D Arcy, Herter, McAuley and McWilliams have been nominated to serve as independent directors. We know of no reason why any nominee will be unable to serve if elected. If any nominee would be unable to serve if elected, your proxy may vote for another nominee proposed by the board, or the board may reduce the number of directors to be elected. If any director resigns, dies or is otherwise unable to serve out his or her term, or if the board increases the number of directors, the board may fill the vacancy until the next annual meeting of stockholders. The following gives information for each nominee, about the nominee's principal occupation and business, as well as the specific experience, qualifications, attributes and skills that led to the conclusion by the board that the nominee should serve as a director of the Company.

Thomas P. D Arcy, age 54, has served as our chairman of the board since April 2008 and as an independent director since 2005. Mr. D Arcy is a member of the audit committee. Mr. D Arcy currently serves as the chief executive officer of American Realty Capital Healthcare Trust Advisors (NASDAQ: HCT). From November 2009 until March 2012 Mr. D Arcy was President and chief executive officer of Grubb & Ellis Company, an NYSE listed full service commercial real estate firm. Prior to Grubb & Ellis Company, Mr. D Arcy served as a principal at Bayside Realty Partners, a private real estate company focused on acquiring and developing income producing commercial real estate. From 2001 to 2003, Mr. D Arcy served as the chief executive officer of Equity Investment Group, a private real estate company owned by an investor group which included the Government of Singapore, the Carlyle Group and Northwestern Mutual Life Insurance Company. Prior to his tenure with Equity Investment Group, from 1995 to 2001 Mr. D Arcy was the chairman of the board, president and chief executive officer of Bradley Real Estate, Inc., an NYSE traded real estate investment trust.

Daniel L. Goodwin, age 70, has served as a director since 2001 and served as our chairman of the board from 2004 to April 2008. Mr. Goodwin is a founder and the controlling stockholder, chairman of the board and

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chief executive officer of TIGI. A wholly owned subsidiary of TIGI has sponsored six REITs, including the Company, and 84 real estate exchange private placements and over 400 limited partnerships, which altogether have raised more than \$18 billion from over 360,000 investors. TIGI and its affiliates have sponsored or own real estate investment and financial companies doing business nationwide with a presence in 46 states and managing assets in excess of \$25 billion. Mr. Goodwin has over 40 years of experience in real estate and has overseen Inland companies operating the following businesses: real estate investment, commercial real estate brokerage, real estate securities, land development, construction, and mortgage banking and lending. Mr. Goodwin also serves as the chairman of the board and chief executive officer of Inland Bancorp, Inc., a multi-bank holding company whose subsidiaries include residential and commercial mortgage companies, alternative real estate loan companies and full service banks. He also served on the board of directors of the Illinois State Affordable Housing Trust Fund, the Board of Governors of Illinois State Colleges and Universities, as chairman of the American National Bank of DuPage, was chairman of the board of trustees of Northeastern Illinois University and chairman of the board of the DuPage Airport Authority. He currently serves as chairman of the Benedictine University board of trustees and is chairman of the National Association of Real Estate Trusts Public Non-listed REIT Council. Mr. Goodwin is a licensed real estate broker and a member of the National Association of Realtors, the Chicago Association of Realtors Hall of Fame, the Illinois Association of Realtors Hall of Fame and the National Association of Realtors Hall of Fame.

Joel G. Herter, age 76, has served as an independent director since 1997 and is the chairperson of the audit committee and a member of the nominating and corporate governance committee. Since 1997, Mr. Herter has served as a senior consultant to Wolf & Company, LLP, certified public accountants. He was previously a partner of Wolf & Company, LLP from 1978 to 1997. Mr. Herter's business experience includes over thirty years as a practicing certified public accountant, providing accounting, auditing, tax and general business services including venture and conventional financing, forecasts and projections and strategic planning to a variety of industries. Mr. Herter is licensed as a certified public accountant in the state of Illinois and a member of the American Institute of Certified Public Accountants and the Illinois CPA Society. Mr. Herter currently serves as a trustee of Elmhurst Memorial Hospital and Elmhurst College and as a director of Suburban Bank and Trust Company.

Heidi N. Lawton, age 51, has served as an independent director since 1994 and is the chairperson of the compensation committee, a member of the nominating and corporate governance committee. Since 2010, Ms. Lawton has also served as a member of the board of directors and audit committee of Inland Diversified Real Estate Trust, Inc. Ms. Lawton is the managing broker and principal of Lawton Realty Group, Inc., a full service commercial real estate brokerage, development and management firm, which she founded in 1989. Ms. Lawton has over twenty years of experience acquiring, developing and managing, as well as arranging financing for, large commercial properties. Through her experiences she has developed skills in assessing risk and reading and writing financial reports. She has also successfully turned around failed developments and associations. Her areas of expertise include acquisitions for property development, structuring real estate investments, property conversions and implementing value add strategies. Ms. Lawton has been licensed as a real estate professional since 1982 and served as president of the Northern Illinois Commercial Association of Realtors in 2009.

Thomas H. McAuley, age 68, is an independent director who has served on our board since 2004 and is a member of the audit committee and the compensation committee. Mr. McAuley also previously served on our audit committee from 2004 to 2006. He has extensive experience in real estate investment, development, management, underwriting and financing, and in his career he has cultivated a large number of relationships throughout the nation's real estate industry. Mr. McAuley currently serves on the boards of Alico, Inc. (NASDAQ: ALCO) and The Westervelt Company and is chairman of their respective audit committees. He is also chairman of the board of the Bank of Atlanta and serves on its audit committee and loan committee. He previously served on the board and audit committee of Forestar Group, Inc. Mr. McAuley is formerly the President of Inland Capital Markets Group, Inc., a subsidiary of TIGI, a position that he held from May 2005 to December 2009. From 1995 to 2003, he was chairman and chief executive officer of IRT Property Company, an Atlanta, Georgia based real estate investment trust traded on the New York Stock Exchange. Mr. McAuley is a licensed real estate broker in Florida, Georgia and South Carolina.

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Thomas R. McWilliams, age 78, has served as an independent director since 2005 and is the chairperson of the nominating and corporate governance committee and is a member of the compensation committee. Since 1968, Mr. McWilliams has been engaged in the brokerage and development of office, commercial and residential properties. Mr. McWilliams also serves as president of United Energy Associates, Incorporated, a full service energy management company. Mr. McWilliams also serves as president of American Lighting Efficiency Corporation, a lighting system design and build company. Mr. McWilliams has been involved in real estate brokerage, development and financing of commercial and residential properties for over 40 years.

Joel D. Simmons, age 55, has served as a director since 2000. Recently, Mr. Simmons joined BGC Partners, Inc. (NASDAQ: BGCP) as Executive Managing Director of BGC Real Estate Capital Partners. BGC Partners is a leading global provider of financial products and real estate services. Prior to joining BGC, Mr. Simmons served as an executive vice president of Grubb & Ellis Company, a commercial real estate services and investment company formerly listed on the NYSE. Prior to joining Grubb & Ellis, Mr. Simmons was a partner at Cohen Financial. During his 21 years with Cohen Financial, Mr. Simmons was personally responsible for over 900 real estate commercial debt and equity placements, developed many of its correspondent institutional lender relationships and assisted in the creation and growth of the company's mortgage banking platform. Mr. Simmons is also a current member of the board of directors of Albany Bank & Trust Co. of Chicago, a Chicago based bank, and Inland Bancorp, Inc. of Oakbrook, Illinois. Mr. Simmons is a member of the International Council of Shopping Centers (the ICSC) and the ICSC Illinois State Committee.

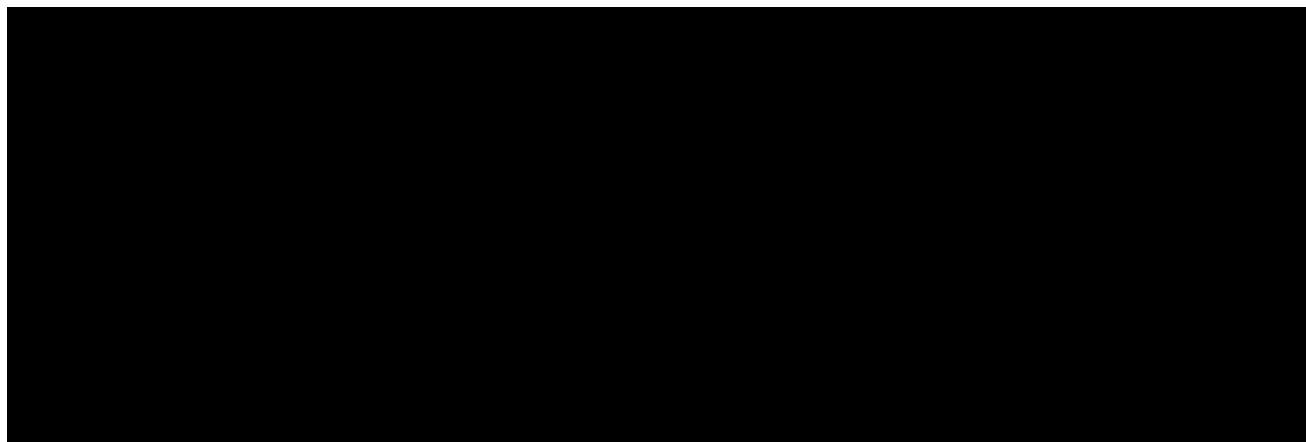
Mark E. Zalatoris, age 56, has served as our president and chief executive officer since April 2008 and previously served as executive vice president and chief operating officer from 2004 to 2008, and as chief financial officer and senior vice president from 2000 to 2004. Mr. Zalatoris was appointed to the Company's board of directors in October 2013. Prior to his responsibilities with the Company, Mr. Zalatoris was an executive at Inland Real Estate Investment Corporation from 1985 to 2000 with primary responsibility for asset management and due diligence functions. Mr. Zalatoris previously practiced as a certified public accountant, holds a general securities license, and previously served on the board of governors of the National Association of Real Estate Investment Trusts (the NAREIT) and is a member of the International Council of Shopping Centers (the ICSC). Mr. Zalatoris received a Bachelor of Arts degree in Finance and a Masters of Accounting Science from the University of Illinois, Champaign-Urbana.

RECOMMENDATION OF THE BOARD: The board recommends that you vote **FOR** the election of each of the eight nominees.

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DIRECTOR COMPENSATION

The following table sets forth all compensation of our directors for the fiscal year ended December 31, 2013, along with the total number of shares underlying each director's exercisable options as of December 31, 2013.



(1) Represents shares of restricted stock awarded to each director with a value of approximately \$60,000 as compensation for services pursuant to the Company's 2005 Equity Award Plan. Includes compensation on restricted shares awarded and dividends accrued on such restricted shares awarded.

(2) Mr. Zalatoris is a Company employee and therefore receives no compensation as a member of the board of directors.

Narrative to Director Compensation Table

During the fiscal year ended December 31, 2013, we paid each director an annual fee equal to \$45,000, plus \$1,200 for each meeting of the board or any committee of the board attended in person and \$1,000 for each meeting of the board or any committee of the board attended via telephone. We also reimbursed all directors for travel and other necessary business expenses incurred by them in performing their services as directors. Mr. Zalatoris is not compensated for his service as a director, and the Company would not compensate any other employee elected or otherwise called upon to serve as a director.

We paid the chairperson of the compensation committee an annual fee of \$10,000, the chairperson of the nominating and corporate governance committee \$9,000 and the chairperson of the audit committee an annual fee equal to \$15,000. In addition, we paid Mr. D'Arcy an annual fee of \$50,000 for serving as the chairman of the board, and we paid Messrs. McAuley, D'Arcy and Herter additional fees of \$88,000 each for serving

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on a special committee to review one or more potential transactions. The special committee engaged a consultant, Pearl Meyer & Partners, to make a recommendation to the board regarding compensation to be paid to the special committee members for their service on the special committee.

Each director is also granted shares of restricted stock with a value of \$60,000 to be issued pursuant to the Company's 2005 Equity Award Plan, subject to ratable vesting over a three-year period. The grants of restricted stock are subject to a minimum stock ownership for non-employee directors (the Minimum Ownership Policy). The Minimum Ownership Policy provides that each non-employee director of the Company must, within four years of the later of (i) the date the policy became effective or (ii) becoming and continuing as a member of the board, and thereafter for the duration of his or her membership on the board, accumulate and hold at least an amount of shares of the Company's common stock that is equal in value to and not less in value than \$240,000. For purposes of this minimum ownership requirement, unvested shares of restricted stock awarded as compensation for service as a director, ownership of interests that are exchangeable for shares of the Company's

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common stock, ownership of vested stock options (the value of such stock options and the number of shares that may be acquired on exercise thereof), ownership of shares by a non-employee director's immediate family members and/or trusts, foundations or other entities wherein the non-employee director has the ability to control the voting and/or disposition of the shares will be deemed ownership by such non-employee director.

Compensation Committee Interlocks and Insider Participation

During 2013, Ms. Lawton and Messrs. D Arcy, McAuley, McWilliams and Herter served as members of our compensation committee, and:

- no member of the compensation committee was an officer or employee of us or any of our subsidiaries, and no member of the compensation committee was an officer of the Company or any of our subsidiaries prior to 2013;
- neither the members of the compensation committee nor their immediate family members had a direct or indirect material interest in any transaction in which we were a participant and in which the amount involved exceeded \$120,000;
- none of our executive officers was a director of another entity where one of that entity's executive officers served on our compensation committee; and
- none of our executive officers served on the compensation committee of another entity where one of that entity's executive officers served as our director.

Meetings of the Board of Directors, Committees of the Board and Stockholders

During the fiscal year ended December 31, 2013, our board met 14 times, the audit committee met 5 times, the compensation committee met 7 times, and the nominating and corporate governance committee met 3 times. During 2013, all directors attended at least 75% of the meetings of our board and the committees of the board on which they served. We encourage our directors to attend our annual meeting of stockholders, and in 2013, each director did so attend.

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AUDIT COMMITTEE REPORT

The following Report of the Audit Committee does not constitute soliciting material and should not be deemed filed with the Securities and Exchange Commission or incorporated by reference into any other filing we make under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent we specifically incorporate this Report by reference therein.

In accordance with the audit committee's written charter, the committee oversees the Company's financial reporting process including evaluating the effectiveness of internal accounting, auditing and financial controls and procedures.

Management is responsible for the financial reporting process, preparing consolidated financial statements in accordance with U.S. generally accepted accounting principles and designing and implementing a system of internal controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations. The Company's independent registered public accounting firm is responsible for auditing the financial statements. The audit committee is responsible for monitoring and reviewing these procedures and processes. The audit committee is comprised of three independent directors whose independence has been determined by the board of directors based on the standards set forth in the audit committee's charter, the Company's Charter and bylaws and the New York Stock Exchange listing standards. With the exception of Mr. Herter, the members of the audit committee are not professionally engaged in the practice of accounting or auditing. The audit committee relies in part, without independent verification, on the information provided to it and on the representations made by management and the internal auditors that the financial statements have been prepared in conformity with U.S. generally accepted accounting principles. The audit committee also relies on the opinions of the Company's independent registered public accounting firm with regard to the consolidated financial statements and the effectiveness of internal control over financial reporting.

During the year ended December 31, 2013, the audit committee met five times. During these meetings, the members of the audit committee met separately and with members of the Company's management, the internal auditors and the Company's independent registered public accounting firm, KPMG LLP. The committee discussed numerous items at these meetings including KPMG's overall scope and plan for its year-end audit. As part of these discussions, the audit committee discussed the results of KPMG's audit and evaluation of the Company's internal controls. Further, the audit committee reviewed and discussed, with management, the internal auditors and KPMG, the Company's audited consolidated financial statements as of and for the year ended December 31, 2013. During the year ended December 31, 2013, management advised the committee that each set of financial statements reviewed had been prepared in accordance with U.S. generally accepted accounting principles, performed in accordance with the standards of the Public Company Accounting Oversight Board (United States) and reviewed significant accounting and disclosure items with the committee. The audit committee also discussed with KPMG all of the matters required by generally accepted auditing standards, including those described in Statement on Auditing Standards No. 114, *The Auditors' Communication with Those Charged with Governance*, including the quality of the Company's accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements. The audit committee also obtained a formal written statement from KPMG, describing all relationships between KPMG and the Company that might bear on KPMG's independence. Further the audit committee discussed any relationships that may have an impact on KPMG's objectivity and independence including a review of audit and non-audit fees and the written disclosures and letter from KPMG to the committee pursuant to Independence Standards Board Standard No. 1 (*Independence Discussions with the Audit Committees*).

At certain of its meetings during 2013, the audit committee met with members of the Company's executive management team to review the certifications required to be provided under the Sarbanes-Oxley Act of 2002 and the rules and regulations of the Securities and Exchange Commission by the chief executive officer and chief financial officer. At these meetings, members of the Company's senior management team reviewed each of the certifications required by Sarbanes-Oxley concerning internal control over financial reporting.

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Based on the above-mentioned review and discussions with management, the internal auditors and KPMG, the audit committee recommended to the board of directors that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, for filing with the Securities and Exchange Commission.

The Audit Committee

Joel G. Herter (Chairperson)
Thomas H. McAuley
Thomas P. D'Arcy

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COMPENSATION COMMITTEE REPORT

The following Compensation Committee Report does not constitute soliciting material and should not be deemed filed with the Securities and Exchange Commission or incorporated by reference into any other filing we make under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent we specifically incorporate this Report by reference therein.

The compensation committee has certain duties and powers as described in its charter. The compensation committee is currently comprised of the three non-employee directors named at the end of this report, each of whom is independent as defined by the New York Stock Exchange listing standards. The compensation committee has furnished the following report on executive compensation for the fiscal year ended December 31, 2013.

The compensation committee has reviewed and discussed with management the Compensation Discussion and Analysis section contained in this proxy statement (the CD&A). Based on this review and the committee s discussions, the compensation committee has recommended to the board of directors (and the board of directors has approved) that the CD&A be included in this proxy statement on Schedule 14A.

The Compensation Committee

Heidi N. Lawton (Chairperson)
Thomas H. McAuley
Thomas R. McWilliams

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EXECUTIVE OFFICERS

The board of directors annually elects our executive officers. These officers may, subject to their respective employment agreements, be terminated at any time. Listed below is information about our executive officers.

Mark E. Zalatoris, has served as our president and chief executive officer since April 2008 and previously served as executive vice president and chief operating officer from 2004 to 2008, and as chief financial officer and senior vice president from 2000 to 2004. Mr. Zalatoris was appointed to the Company's board of directors in October 2013. Please see page 17 of this proxy statement for additional biographical information about Mr. Zalatoris.

Brett A. Brown, age 49, has served as our executive vice president since 2011 and chief financial officer and treasurer since 2008. From 2008 to 2011, Mr. Brown served as our senior vice president. Mr. Brown joined us in May 2004 as vice president and chief financial officer. From 2000 to April 2004, Mr. Brown served as the senior vice president of financial reporting for Great Lakes REIT, an NYSE-listed REIT based in Oak Brook, Illinois, and held various other executive positions in finance and accounting at Great Lakes and its predecessor from 1988 to 2000. Mr. Brown is a member of the American Institute of Certified Public Accountants and the Illinois Certified Public Accountants Society, as well as the NAREIT and ICSC. Mr. Brown graduated from Northern Illinois University in 1986 with a bachelor's degree in accounting.

Beth Sprecher Brooks, age 59, has served as our senior vice president since 2008 and as our general counsel and secretary since 2006. Ms. Sprecher Brooks joined us in November 2002, became assistant vice president in 2003 and vice president in 2005. Ms. Sprecher Brooks has concentrated her legal practice in the area of real estate since 1979 either as in-house counsel to a corporation or in the real estate department at a law firm. Ms. Brooks has vast experience in a broad range of areas in real estate, including acquisitions and sales, zoning work, leasing, and other areas of general corporate law. She is a member of the American Bar Association, Association of Corporate Counsel and ICSC. Ms. Sprecher Brooks received a Bachelor of Arts degree in American Studies from Georgetown University and a Juris Doctor Degree from Northwestern University School of Law.

D. Scott Carr, age 48, has served as our executive vice president of portfolio management and chief investment officer since 2011 and has served as the president of Inland Commercial Property Management, Inc. (ICPM), a subsidiary of the Company, since 1995. Mr. Carr became senior vice president of portfolio management in 2008. As president of property management, Mr. Carr oversees all aspects of property operations and leasing for the Company's 157 neighborhood, community, power and lifestyle shopping centers and single-tenant retail properties, totaling over 15 million square feet of gross leasable area (GLA). Mr. Carr is a member of ICSC. He has achieved the professional designations of Senior Certified Shopping Center Manager and Senior Certified Leasing Specialist. Mr. Carr is also a licensed real estate broker in Illinois and Minnesota. Mr. Carr received a Bachelor of Arts degree in Economics from Loyola University, Chicago.

William W. Anderson, age 55, has served as our senior vice president of transactions since 2012. From 2000 to 2012, Mr. Anderson served as our vice president of transactions. Mr. Anderson is responsible for our acquisitions and dispositions of real property. Prior to 2000, Mr. Anderson held positions in sales, brokerage, and development with TIGI. Mr. Anderson has experience analyzing and negotiating the acquisition of shopping centers, apartments and net leased commercial properties. Mr. Anderson received a Bachelor of Science degree in finance from Northern Illinois University, and is an active member of ICSC and the National Association of Realtors.

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COMPENSATION DISCUSSION AND ANALYSIS

Overview

This compensation discussion and analysis explains the material elements of the compensation of Mark E. Zalatoris, Brett A. Brown, D. Scott Carr, Beth Sprecher Brooks and William W. Anderson (each, a named executive officer and collectively, the named executive officers) for the fiscal years ended December 31, 2013, 2012 and 2011. This compensation discussion and analysis also briefly summarizes the employment agreements entered into by us with each of our named executive officers governing compensation to be paid to our named executive officers for each of the three fiscal years ending on December 31, 2014, 2015 and 2016, respectively.

General Philosophy and Objectives

Our compensation committee is responsible for establishing and overseeing our executive compensation policies and programs, which are designed to:

- attract, retain and motivate quality executives by providing fair and reasonable compensation;
- reward individual performance;
- align compensation with company performance; and
- align the interests of executives with those of our stockholders.

To accomplish these objectives, we have utilized an executive compensation program with three major elements — base compensation and annual cash and restricted stock incentive awards.

- Base compensation provides a level of fixed compensation that will promote executive recruitment and retention.

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- Annual cash incentive awards motivate executives and reward them for the achievement of personal goals and our financial and operating goals for the year.

- Annual restricted stock base compensation and incentive awards promote the creation of long-term stockholder value and align the interest of our executives with the interests of our stockholders, more closely than would cash compensation alone, by ensuring that a portion of total compensation is at risk and fluctuates in value with the price of our common stock. Compensating executives with restricted stock also fosters retention of our executives because the rights to these shares vest over a five year period at a rate of 20% per year.

We view these elements of compensation as related but distinct. We do not believe that significant compensation derived from one component of compensation should negate or offset compensation from other elements. We determine the appropriate level for each element of compensation based in part, but not exclusively, on competitive benchmarking and other considerations we deem relevant, such as rewarding executives for extraordinary individual and company performance.

A portion of each named executive officer's total compensation is tied to the operating and financial performance metrics Funds From Operations per share (FFO) and Total Shareholder Return (TSR). A reconciliation of FFO to net income for our three most recently completed fiscal years is included on page 50 of our Annual Report on Form 10-K, filed with the Commission on February 28, 2014. TSR as used herein is defined as the sum of: (1) the percentage change in our common stock price between January 1st and December 31st of the employment year; and (2) our distribution yield for the employment year (calculated by dividing (x) the total distributions paid per share of our common stock for the employment year by (y) the closing price for a share of our common stock on January 1st of the employment year). By linking incentive compensation with growth in both FFO and TSR, the compensation committee believes that incentive compensation more closely aligns the interests of our executives with those of our stockholders than if incentive

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compensation was linked to growth in FFO alone. The committee believes that utilizing both criteria motivates our named executive officers to strive to achieve current improvements in our performance as measured by FFO as well as to create longer-term value for our stockholders that may ultimately be reflected in some combination of a higher market price for our common stock and increases in the amounts we pay as distributions.

Utilizing both performance metrics, as opposed to just one or the other, may keep executives motivated and incentivized under circumstances when using one metric alone otherwise would have left an executive without the possibility of an award for reasons beyond his or her control or the control of the Company. Using both metrics reduces the potentially arbitrary impact of a random or anomalous decrease in a given year in either FFO or TSR, which decrease might otherwise have resulted in no incentive award to a named executive officer who may have made decisions and taken actions that were the best available decisions and actions under the circumstances. For example, there might be years in which our stock price is influenced by factors beyond actions we have taken or could have taken or years in which an action or decision that is good for the long-term health of the Company may result in FFO growth that is lower in that year than it otherwise would have been in the absence of that action or decision. The committee believes that using both metrics motivates executives to give a more balanced consideration to both the Company's short-term performance as reflected in FFO and long-term health as reflected in the price of our stock without being entirely subject to downward movements in the broader stock market or other developments unrelated to our performance that nevertheless may negatively influence our stock price.

The committee believes it is important to reward our executives for achieving individual goals even when the growth rate in our FFO and TSR may not result in an award of incentive compensation for a particular year. Executives have a greater incentive to perform well if a portion of their compensation is tied directly to their individual performance and is not dependent upon our overall performance, and the committee believes that we will be in better position to achieve increases in future FFO and TSR if the individual goals set for each executive are achieved. Thus, each executive who achieves personal goals will be entitled to receive an award of cash and restricted stock, regardless of our level of performance. The personal goals for the named executive officers were proposed by the officers and negotiated and agreed to by the compensation committee. The specific goals for each year reflect our confidential operating plans and information and our planning process and accordingly disclosing them would result in competitive harm to us. The personal goals are intended to be challenging and ambitious but also realistic enough to be reasonably attainable given a concerted individual effort by the officer. The goals are intended to be achievable by the individual officers even if the Company's performance is not at a level at which the named executive officers would receive incentive compensation awards based on Company performance, so that those officers can be rewarded for strong individual performance when the Company's performance is adversely affected by factors beyond their control.

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Determining Compensation

In setting compensation levels for 2013, the committee took into account our performance measured by growth in FFO and TSR, our strategic goals and the compensation practices of companies in the Retail REIT Shopping Center Index (the NAREIT Peer Index) published by NAREIT, a real estate industry trade group which describes itself as the worldwide representative voice for REITs and publicly traded real estate companies with an interest in U.S. real estate and capital markets. Except as otherwise indicated, for the years ended December 31, 2013, 2012 and 2011, the following REITs comprised the NAREIT Peer Index:

- | | |
|--------------------------------|--|
| • Acadia Realty Trust | • Kite Realty Group Trust |
| • Alexander's Inc. | • Ramco-Gershenson Properties Trust |
| • AmREIT Inc.** | • Regency Centers Corp. |
| • Brixmor Property Group** | • Retail Properties of America** |
| • Cedar Shopping Centers, Inc. | • Retail Opportunity Investment Corp.* |
| • DDR Corp. | • Roberts Realty Investors, Inc. |
| • Equity One, Inc. | • Saul Centers, Inc. |
| • Excel Trust | • Tanger Factory Outlet Centers, Inc. |
| • Federal Realty Inv. Trust | • Urstadt Biddle Properties Inc. |
| • Kimco Realty Corp. | • Weingarten Realty Investors |
| | • Wheeler Real Estate Investment Trust, Inc.** |

*2012 and 2013

**2013 only

Our compensation committee also considered for 2013, subjectively and without attributing any particular weight or significance to any particular item, each executive's past compensation, performance, experience level, role and responsibilities, as well as our overall financial performance, achievement of our strategic goals and competition in the marketplace for executive talent.

Members of the committee meet with, and consider the recommendations of, our chief executive officer and other directors and also meet in the absence of management to discuss compensation. Both our management and our compensation committee also review surveys of industry compensation practices, such as the NAREIT Compensation Survey, to provide themselves with relevant market data and to informally compare the proposed compensation with that paid by other REITs in the retail sector, and by all REITs with a total capitalization of between \$1 billion and \$2.49 billion and between 75 to 299 full-time employees. The following table reflects, for each element of compensation, each named executive officer's compensation for 2013 compared as a percentage of the median paid for 2011 (as reported in the 2012 NAREIT survey results) within the range of companies, which medians are used by the committee and management as general reference points:

Compensation for 2013 as Percentage of Median Compensation

in the 2012 NAREIT Compensation Survey

Companies in the Retail Property Sector

	Base Salary (1)	Total Annual Cash Compensation (2)	Long-Term Incentive Award	Total Remuneration
Chief Executive Officer	82%	47%	19%	43%
Chief Financial Officer	105%	69%	40%	73%
Chief Investment Officer	129%	87%	56%	94%
General Counsel	101%	76%	58%	75%
SVP, Transactions	114%	90%	70%	84%

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	Base Salary (1)	Total Annual Cash Compensation (2)	Long-Term Incentive Award	Total Remuneration
Chief Executive Officer	91%	51%	21%	51%
Chief Financial Officer	115%	83%	33%	81%
Chief Investment Officer	117%	75%	46%	62%
General Counsel	111%	80%	31%	78%
SVP, Transactions	142%	130%	106%	124%

Companies with between 75 and 299 Full-Time Employees

	Base Salary (1)	Total Annual Cash Compensation (2)	Long-Term Incentive Award	Total Remuneration
Chief Executive Officer	91%	49%	16%	44%
Chief Financial Officer	116%	78%	29%	77%
Chief Investment Officer	125%	93%	36%	99%
General Counsel	106%	86%	56%	84%
SVP, Transactions	118%	109%	80%	116%

(1) For purposes of this column, the base salary of each of our named executive officers comprises the cash and restricted stock components of base compensation.

(2) For purposes of this column, the total annual cash compensation of each of our named executive officers comprises the cash component of base compensation and the cash incentive award.

The NAREIT Compensation Survey is proprietary, reflects the practices of a broad array of companies in the REIT industry generally, and does not identify the practices of any particular companies operating in these sectors. The compensation committee and management use the survey data to obtain a general understanding of current compensation practices and as a general reference. The compensation committee does not know the identity of the specific companies participating in the survey. Neither the compensation committee nor management ties its recommendations regarding compensation to any particular multiple or other metric presented in the survey data.

At the Company's annual meeting held in June 2013, more than 94.0% of the votes cast on the say-on-pay proposal at that meeting were voted in favor of the proposal. The compensation committee believes this affirms stockholders' support of the Company's approach to executive compensation. The compensation committee will continue to consider the outcome of the Company's say-on-pay votes when making future compensation decisions for the named executive officers.

2014-2016 Employment Agreements

We have entered into new employment agreements with our named executive officers effective January 1, 2014, that will last for a term of three years and will expire on December 31, 2016. In order to ensure that our incentive compensation practices and policies remain competitive in the marketplace for executive talent and so as to retain executives who perform well, our compensation committee engaged a compensation consultant, and we have considered the analysis and recommendations of that consultant and made some changes to the terms and conditions of our employment contracts relative to those from the last several years. The terms of the new agreements are not necessary to a fair understanding of the compensation paid to our executives in 2013. Among some of the more significant changes in our new employment agreements, we have: (1) extended the term of the agreements from what has been just one year to three years; (2) increased the amount of potential incentive cash

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and stock award opportunities to be paid upon achieving target or high levels of performance to bring them closer to market standards for comparable REITs; (3) conditioned the grant of long-term restricted stock awards solely on our TSR performance; (4) weighted absolute TSR performance equal to our TSR performance relative to our REIT peer group; (5) delayed the assessment and granting of 50% of the restricted stock award opportunity to the end of the three-year employment period, subject to an additional two-year pro rata vesting period; (6) implemented an annual cash bonus plan that measures performance at the company, business unit and individual level with varying weights according to each executive's individual level of responsibility; (7) limited the effect of our FFO to the cash bonus plan, decreased the level of its impact on overall compensation and changed the metric to be used from reported FFO to reported adjusted FFO. We believe these new agreements are consistent with current market practices and will position us to better compete for and retain executive talent and will continue to incentivize our executives to perform well and create value for the Company and its stockholders; and (8) extended the term of post-employment non-solicitation and no-hire covenants to two years following the end of employment.

2013 Employment Agreements

We entered into employment agreements with each of our named executive officers effective as of January 1, 2013, and expiring December 31, 2013. These employment agreements provided for increases in base cash salary relative to 2012 as reflected below in the Summary Compensation Table. As in 2012, each named executive officer continued to have incentive award opportunities based upon our performance relative to the NAREIT Peer Index, as measured by growth in FFO and TSR, as well as the achievement of personal goals. The compensation committee believes that the thresholds for target and high performance strike an appropriate balance between challenging our named executive officers to excel and drive our financial performance and providing compensation opportunities that are realistic and attainable and that will allow us to retain them. Approximately two-thirds of the total value of each executive's incentive award opportunity will be in the form of a potential restricted stock award and the remainder will be in the form of cash.

Our level of performance for 2013

For 2013, a portion of each named executive officer's total compensation was based on our performance relative to the NAREIT Peer Index. We determined our performance by comparing the growth rate in our FFO and TSR from year to year versus the median growth rates in those measures of the companies in the NAREIT Peer Index. We would have achieved (1) a target level of performance if the measure in question was equal to or greater than 100%, but less than 130%, of the median for the NAREIT Peer Index; and (2) a high level of performance if the measure was equal to or greater than 130% of the median for the NAREIT Peer Index.

For the year ended December 31, 2013, our rate in FFO was negative and the median growth rate in FFO for the NAREIT Peer Index was positive, falling approximately 1.0% and rising 7.3%, respectively. We therefore did not achieve a target level of performance for 2013 as measured by our growth rate in FFO. Our growth rate in TSR and the median growth rate in TSR for the NAREIT Peer Index for 2013 were approximately 32.3% and 6.7%, respectively. We, therefore, achieved a high level of performance for 2013 as measured by our growth rate in TSR.

For 2013, the remaining portion of each named executive officer's incentive compensation was based on the executive's achievement of personal goals proposed by the officers and negotiated and agreed to by the compensation committee. The compensation committee (with respect to Mr. Zalatoris) and Mr. Zalatoris (with respect to the other named executive officers) had discretion to determine whether to award this component of the incentive compensation for 2013. In making this determination, the compensation committee and Mr. Zalatoris assessed the extent to which each named executive officer met his or her personal goals during 2013.

Cash incentive opportunity for 2013

Each named executive officer had an opportunity to earn an annual cash incentive award in an amount equal to a percentage of his or her base cash salary for 2013. The maximum possible annual cash incentive award that each executive could have earned, expressed as a percentage of the executive's base cash salary for 2013, is set forth below:

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Maximum Possible Annual Cash Incentive Award

(As Percentage of 2013 Base Cash Salary)

Mr. Zalatoris	Mr. Brown	Mr. Carr	Ms. Brooks and Mr. Anderson
33%	30%	30%	27%

Of the maximum possible annual cash incentive award, the amount actually awarded was the sum of three components. The first component, as set forth below, depended upon our level of performance for 2013 as measured by the growth rate in our FFO relative to the median growth rate in FFO of the companies listed in the 2013 NAREIT Peer Index:

First Component of Annual Cash Incentive Award
(As Percentage of 2013 Base Cash Salary)

	Mr. Zalatoris	Mr. Brown	Mr. Carr	Ms. Brooks and Mr. Anderson
Granted automatically upon achieving Target FFO	7%	7%	7%	6%
Granted automatically upon achieving High FFO	11%	10%	10%	9%

The second component, as set forth below, depended upon our level of performance for 2013 as measured by the growth rate in our TSR relative to the median TSR of the companies included in the NAREIT Peer Index:

Second Component of Annual Cash Incentive Award

(As Percentage of 2013 Base Cash Salary)

	Mr. Zalatoris	Mr. Brown	Mr. Carr	Ms. Brooks and Mr. Anderson
Granted automatically upon achieving Target TSR	7%	7%	7%	6%
Granted automatically upon achieving High TSR	11%	10%	10%	9%

The third component was fixed in the discretion of the compensation committee (with respect to Mr. Zalatoris) or Mr. Zalatoris (with respect to the other named executive officers) based upon a determination of whether the named executive officer achieved the personal goals agreed upon in advance. The award for the third component could have ranged from zero to the maximum percentage reflected below.

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**Third Component of Annual Cash Incentive Award
(Maximum Possible As Percentage of 2013 Base Cash Salary)**

	Mr. Zalatoris	Mr. Brown	Mr. Carr	Ms. Brooks and Mr. Anderson
Granted in the discretion of (i) the compensation committee (for Mr. Zalatoris based on a subjective assessment of his performance) or (ii) Mr. Zalatoris (for the other named executive officers based on an assessment of the achievement of their personal goals)	12%	10%	10%	9%

Because we achieved a high level of performance for 2013 as measured by the growth rate in our TSR, the second component of each cash incentive award was equal to the following percentage of the executive officer's base cash salary: (1) 11% for Mr. Zalatoris; (2) 10% for each of Mr. Brown and Mr. Carr; and (3) 9% for each of Ms. Brooks and Mr. Anderson. Because we did not achieve at least a target level of performance for 2013 as measured by the growth rate in our FFO, the first component of each award was equal to zero. Based on Mr. Zalatoris subjective assessment of the performance of each other named executive officer relative to his or her personal goals for 2013, which included his consideration of a self-assessment by each of them, Mr. Zalatoris fixed the third component of each award, with the approval of the compensation committee, at the following percentage of the executive officer's base cash salary: (1) 10% for each of Mr. Brown and Mr. Carr; and (2) 9% for each of Ms. Brooks and Mr. Anderson. With respect to Mr. Zalatoris, the compensation committee fixed the third component of the award at 11% of Mr. Zalatoris' base cash salary. The award that each named executive officer actually earned was equal to the sum of the three components, as discussed in Cash and Restricted Stock Incentives Awards Made for 2013 below.

Restricted stock incentive opportunity for 2013

Each named executive officer had an opportunity to earn an annual restricted stock incentive award in an amount equal to a percentage of his or her base cash salary for 2013. The maximum possible annual restricted stock incentive award that each executive could have earned, expressed as a percentage of the executive's base cash salary for 2013, is set forth below:

Maximum Possible Annual Restricted Stock Incentive Award

(As Percentage of 2013 Base Cash Salary)

Mr. Zalatoris	Mr. Brown and Mr. Carr	Ms. Brooks and Mr. Anderson
66%	60%	48%

The annual restricted stock incentive award that each executive officer actually earned was equal to a fraction, the numerator of which was the sum of the three components described below, and the denominator of which was the average of the high and low trading price of our common stock as reported by the New York Stock Exchange on the date of grant. The first component of the numerator, as set forth below, depended upon our level of performance for 2013 as measured by the growth rate in our FFO relative to the median growth rate in FFO of the companies listed in the 2013 NAREIT Peer Index:

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First Component of Annual Restricted Stock Incentive Award

(As Percentage of 2013 Base Cash Salary)

	Mr. Zalatoris	Mr. Brown and Mr. Carr	Ms. Brooks and Mr. Anderson
Granted automatically upon achieving Target FFO	13%	12%	10%
Granted automatically upon achieving High FFO	22%	20%	16%

The second component of the numerator, as set forth below, depended upon our level of performance for 2013 as measured by the growth rate in our TSR relative to the median TSR of the companies included in the NAREIT Peer Index:

Second Component of Annual Restricted Stock Incentive Award

(As Percentage of 2013 Base Cash Salary)

	Mr. Zalatoris	Mr. Brown and Mr. Carr	Ms. Brooks and Mr. Anderson
Granted automatically upon achieving Target TSR	13%	12%	10%
Granted automatically upon achieving High TSR	22%	20%	16%

The third component of the numerator was fixed in the discretion of the compensation committee or Mr. Zalatoris based upon a subjective determination of whether the named executive officer achieved the personal goals agreed upon in advance. The award for the third component could have ranged from zero to the maximum percentage reflected below.

Third Component of Annual Restricted Stock Incentive Award

(As Percentage of 2013 Base Cash Salary)

	Mr. Zalatoris	Mr. Brown and Mr. Carr	Ms. Brooks and Mr. Anderson
Granted in the discretion of (i) the compensation committee (for Mr. Zalatoris based on a subjective assessment of his performance) or (ii) Mr. Zalatoris (for the other named executive officers based on an assessment of the achievement of their personal goals)	22%	20%	16%

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Because we achieved a high level of performance for 2013 as measured by the growth rate in our TSR, the second component of each restricted stock award was equal to the following percentage of the executive officer's base cash salary: (1) 22% for Mr. Zalatoris; (2) 20% for each of Messrs. Brown and Carr; and (3) 16% for each of Ms. Brooks and Mr. Anderson. Because we did not achieve at least a target level of performance for 2013 as measured by the growth rate in our FFO, the first component of each award was equal to zero. Based on Mr. Zalatoris' subjective assessment of the performance of each other named executive officer relative to his or her personal goals for 2013, which included his consideration of a self-assessment by each of them, Mr. Zalatoris fixed the third component of each award, with the approval of the compensation committee, at the following percentage of the executive officer's base cash salary: (1) 20% for each of Mr. Brown and Mr. Carr; and (2) 16%

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for Ms. Brooks and Mr. Anderson. With respect to Mr. Zalatoris, the compensation committee fixed the third component of the award at 22% of Mr. Zalatoris' base cash salary. The award that each named executive officer actually earned was equal to the sum of the three components, as discussed in "Cash and Restricted Stock Incentive Awards Made for 2013" below.

Cash and Restricted Stock Incentive Awards Made for 2013

The total amount of the annual cash incentive award and restricted stock incentive award that each executive officer actually earned was equal to the sum of the amounts that correspond to the first component (FFO), the second component (TSR) and the third component (personal goals) with respect to each type of award. These totals are set forth in the table below:

**Annual Cash Incentive Award and Restricted Stock Incentive Award
(Total Amount Awarded for 2013)**

Named Executive Officer	Cash Incentive Award		Restricted Stock Incentive Award	
	(% of Cash Salary)	(\$)	(% of Cash Salary)	(\$)
Mark Zalatoris	22%	114,400	44%	228,800
Brett Brown	20%	80,000	40%	160,000
D. Scott Carr	20%	78,000	40%	156,000
Beth Sprecher Brooks	18%	54,000	32%	96,000
William Anderson	18%	52,200	32%	92,800

Other restricted stock compensation paid for 2013

Our compensation committee with respect to Mr. Zalatoris, and our board of directors upon the recommendation of the compensation committee with respect to our other named executive officers, determined to award additional compensation to our named executives in consideration of the extra time and effort they expended in pursuing large potential acquisition transactions in 2013 beyond their normal and customary level of responsibilities and due to the large increase in TSR with respect to the Company's common stock that occurred over the course of 2013, particularly relative to the median increase in the TSR of the NAREIT Peer Index (+25.6%). Each named executive officer will receive a grant of additional shares in an amount with a fair market value on the date of grant equal to 20% of each executive's 2013 base salary, which will vest in equal amounts over a five-year period. The total fair market value of this extra compensation to all of the recipients combined amounts to only \$476,000 on the date of grant, or \$95,200 per year over the five-year vesting period, as reflected individually in the table below.

Named Executive Officer	Additional Restricted Stock Award	
	(% of Cash Salary)	(\$)
Mark Zalatoris	20%	\$104,000
Brett Brown	20%	\$80,000
D. Scott Carr	20%	\$78,000

Beth Sprecher Brooks	20%	\$60,000
William Anderson	20%	\$58,000

2012 Employment Agreements

Under the employment agreements in effect between January 1, 2012 and December 31, 2012, each named executive officer received a fixed amount of base compensation that includes a cash component and an equity component. The equity component for the named executive officers is a number of shares of restricted

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stock with a value on the date of grant equal to approximately 8% of total compensation for Mr. Zalatoris and approximately 4% of total compensation for Messrs. Brown, Carr, Anderson and Ms. Brooks. The rights of the executives to these shares of restricted stock vest 20% per year over five years. For 2012, each named executive officer was eligible to receive an incentive award only if the executive achieved certain agreed upon personal goals in the discretion of Mr. Zalatoris and the compensation committee or we achieved at least a target level of performance in one of the two company performance metrics. All awards of restricted stock are made pursuant to our 2005 Equity Award Plan.

Our level of performance for 2012

For 2012, a portion of each named executive officer's incentive compensation was based on our performance relative to the NAREIT Peer Index. We determined our performance by comparing the growth rate in our FFO and TSR from year to year versus the median growth rates in those measures of the companies in the NAREIT Peer Index. We would have achieved: (1) a target level of performance if the measure in question was equal to or greater than 100%, but less than 130%, of the median for the NAREIT Peer Index; and (2) a high level of performance if the measure was equal to or greater than 130% of the median for the NAREIT Peer Index.

For the year ended December 31, 2012, our growth rate in FFO and the median growth rate in FFO for the NAREIT Peer Index were equal to approximately 43.3% and 0.0%, respectively. We therefore achieved a high level of performance for 2012 as measured by our growth rate in FFO. Our growth rate in TSR and the median growth rate in TSR for the NAREIT Peer Index for 2012 were approximately 17.6% and 24.3%, respectively. We, therefore, did not achieve a target level of performance for 2012 as measured by our growth rate in TSR.

For 2012, the remaining portion of each named executive officer's incentive compensation was based on the executive's achievement of personal goals. The personal goals for the named executive officers were proposed by the officers and negotiated and agreed to by the compensation committee. The specific goals for 2012 reflect our confidential operating plans and our planning process and accordingly disclosing them would result in competitive harm to us. The personal goals were intended to be challenging and ambitious but also realistic enough to be reasonably attainable given a concerted individual effort by the officer. The goals were intended to be achievable by the individual officers even if the Company's performance was not at a level at which the named executive officers would receive incentive compensation awards based on Company performance, so that those officers could be rewarded for strong individual performance when the Company's performance was adversely affected by factors beyond their control.

The compensation committee (with respect to Mr. Zalatoris) and Mr. Zalatoris (with respect to the other named executive officers) had discretion to determine whether to award this component of the incentive compensation for 2012. In making this determination, the compensation committee and Mr. Zalatoris assessed the extent to which each named executive officer met his or her personal goals during 2012.

Cash incentive opportunity for 2012

Each named executive officer had an opportunity to earn an annual cash incentive award in an amount equal to a percentage of his or her base cash salary for 2012. The maximum possible annual cash incentive award that each executive could have earned, expressed as a percentage of the executive's base cash salary for 2012, is set forth below:

**Maximum Possible Annual Cash Incentive Award
(As Percentage of 2012 Base Cash Salary)**

Mr. Zalatoris	Mr. Brown	Mr. Carr	Ms. Brooks and Mr. Anderson
34%	30%	27%	24%

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Of the maximum possible annual cash incentive award, the amount actually awarded was the sum of three components. The first component, as set forth below, depended upon our level of performance for 2012 as measured by the growth rate in our FFO relative to the median growth rate in FFO of the companies listed in the NAREIT Peer Index:

**First Component of Annual Cash Incentive Award
(As Percentage of 2012 Base Cash Salary)**

	Mr. Zalatoris	Mr. Brown	Mr. Carr	Ms. Brooks and Mr. Anderson
Granted automatically upon achieving Target FFO	7%	7%	6%	6%
Granted automatically upon achieving High FFO	11%	10%	9%	8%

The second component, as set forth below, depended upon our level of performance for 2012 as measured by the growth rate in our TSR relative to the median TSR of the companies included in the NAREIT Peer Index:

**Second Component of Annual Cash Incentive Award
(As Percentage of 2012 Base Cash Salary)**

	Mr. Zalatoris	Mr. Brown	Mr. Carr	Ms. Brooks and Mr. Anderson
Granted automatically upon achieving Target TSR	7%	7%	6%	6%
Granted automatically upon achieving High TSR	11%	10%	9%	8%

The third component was fixed in the discretion of the compensation committee (with respect to Mr. Zalatoris) or Mr. Zalatoris (with respect to the other named executive officers) based upon a determination of whether the named executive officer achieved the personal goals agreed upon in advance. The award for the third component could have ranged from zero to the maximum percentage reflected below.

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**Third Component of Annual Cash Incentive Award
(Maximum Possible As Percentage of 2012 Base Cash Salary)**

	Mr. Zalatoris	Mr. Brown	Mr. Carr	Ms. Brooks and Mr. Anderson
Granted in the discretion of (i) the compensation committee (for Mr. Zalatoris based on a subjective assessment of his performance) or (ii) Mr. Zalatoris (for the other named executive officers based on an assessment of the achievement of their personal goals)	12%	10%	9%	8%

Because we achieved a high level of performance for 2012 as measured by the growth rate in our FFO, the first component of each award was equal to the following percentage of the executive officer's base cash salary: (1) 11% for Mr. Zalatoris; (2) 10% for Mr. Brown; (3) 9% for Mr. Carr; and (4) 8% for each of Ms. Brooks and Mr. Anderson. Because we did not achieve at least a target level of performance for 2012 as measured by the growth rate in our TSR, the second component of each award was equal to zero. Based on Mr. Zalatoris' subjective assessment of the performance of each other named executive officer relative to his or her personal goals for 2012, which included his consideration of a self-assessment by each of them, Mr. Zalatoris fixed the third component of each award, with the approval of the compensation committee, at the following percentage of the executive officer's base cash salary: (1) 9% for Mr. Brown; (2) 8% for Mr. Carr; (3) 7% for Ms. Brooks; and (4) 8% for Mr. Anderson. With respect to Mr. Zalatoris, the compensation committee fixed the third component of the award at 8% of Mr. Zalatoris' base cash salary. The award that each named executive officer actually earned was equal to the sum of the three components, as discussed in Cash and Restricted Stock Incentives Awards Made for 2012 below.

Restricted stock incentive opportunity for 2012

Each named executive officer had an opportunity to earn an annual restricted stock incentive award in an amount equal to a percentage of his or her base cash salary for 2012, payable in shares of our common stock at a price per share equal to the average of the high and low trading price of our common stock as reported by the New York Stock Exchange on the date of grant.

The maximum possible annual restricted stock incentive award that each executive could have earned, expressed as a percentage of the executive's base cash salary for 2012, is set forth below:

**Maximum Possible Annual Restricted Stock Incentive Award
(As Percentage of 2012 Base Cash Salary)**

Mr. Zalatoris	Mr. Brown and Mr. Carr	Ms. Brooks and Mr. Anderson
61%	58%	46%

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Of the maximum possible annual restricted stock incentive award, the amount actually awarded was the sum of three components. The first component, as set forth below, depended upon our level of performance for 2012 as measured by the growth rate in our FFO relative to the median growth rate in FFO of the companies listed in the NAREIT Peer Index:

Table of Contents**First Component of Annual Restricted Stock Incentive Award****(As Percentage of 2012 Base Cash Salary)**

	Mr. Zalatoris	Mr. Brown and Mr. Carr	Ms. Brooks and Mr. Anderson
Granted automatically upon achieving Target FFO	13%	12%	10%
Granted automatically upon achieving High FFO	20%	19%	15%

The second component, as set forth below, depended upon our level of performance for 2012 as measured by the growth rate in our TSR relative to the median TSR of the companies included in the NAREIT Peer Index:

Second Component of Annual Restricted Stock Incentive Award**(As Percentage of 2012 Base Cash Salary)**

	Mr. Zalatoris	Mr. Brown and Mr. Carr	Ms. Brooks and Mr. Anderson
Granted automatically upon achieving Target TSR	13%	12%	10%
Granted automatically upon achieving High TSR	20%	19%	15%

The third component was fixed in the discretion of the compensation committee or Mr. Zalatoris based upon a subjective determination of whether the named executive officer achieved the personal goals agreed upon in advance. The award for the third component could have ranged from zero to the maximum percentage reflected below:

Third Component of Annual Restricted Stock Incentive Award**(As Percentage of 2012 Base Cash Salary)**

Mr. Zalatoris	Mr. Brown and Mr. Carr	Ms. Brooks and Mr. Anderson
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Granted in the discretion of (i) the compensation committee (for Mr. Zalatoris based on a subjective assessment of his performance) or (ii) Mr. Zalatoris (for the other named executive officers based on an assessment of the achievement of their personal goals)	21%	20%	16%
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Because we achieved a high level of performance for 2012 as measured by the growth rate in our FFO, the first component of each award was equal to the following percentage of the executive officer's base cash salary: (1) 20% for Mr. Zalatoris; (2) 19% for each of Messrs. Brown and Carr; and (3) 15% for each of Ms. Brooks and Mr. Anderson. Because we did not achieve at least a target level of performance for 2012 as

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measured by the growth rate in our TSR, the second component of each award was equal to zero. Based on Mr. Zalatoris' subjective assessment of the performance of each other named executive officer relative to his or her personal goals for 2012, which included his consideration of a self-assessment by each of them, Mr. Zalatoris fixed the third component of each award, with the approval of the compensation committee, at the following percentage of the executive officer's base cash salary: (1) 18% for each of Mr. Brown and Mr. Carr; (2) 14% for Ms. Brooks; and (3) 16% for Mr. Anderson. With respect to Mr. Zalatoris, the compensation committee fixed the third component of the award at 14% of Mr. Zalatoris' base cash salary. The award that each named executive officer actually earned was equal to the sum of the three components, as discussed in "Cash and Restricted Stock Incentive Awards Made for 2012" below.

Cash and Restricted Stock Incentive Awards Made for 2012

The total amount of the annual cash incentive award and restricted stock incentive award that each executive officer actually earned was equal to the sum of the amounts that correspond to the first component (FFO), the second component (TSR) and the third component (personal goals) with respect to each type of award. These totals are set forth in the table below:

Annual Cash Incentive Award and Restricted Stock Incentive Award

(Total Amount Awarded for 2012)

Named Executive Officer	Cash Incentive Award		Restricted Stock Incentive Award	
	(% of Cash Salary)	(\$)	(% of Cash Salary)	(\$)
Mark Zalatoris	19%	97,104	34%	173,757
Brett Brown	19%	73,535	37%	143,220
D. Scott Carr	17%	61,884	37%	133,920
Beth Sprecher Brooks	15%	44,080	29%	85,260
William Anderson	16%	44,800	31%	86,800

2011 Employment Agreements

Under the employment agreements in effect between January 1, 2011 and December 31, 2011, each named executive officer received a fixed amount of base compensation that includes a cash component and an equity component. The equity component for the named executive officers is a number of shares of restricted stock with a value on the date of grant equal to approximately 5% of their total base compensation. The rights of the executives to these shares of restricted stock vest 20% per year over five years. For 2011, each named executive officer was eligible to receive an incentive award only if the executive achieved certain agreed upon personal goals in the discretion of Mr. Zalatoris and the compensation committee or we achieved at least a "target" level of performance in one of the two company performance metrics. All awards of restricted stock are made pursuant to our 2005 Equity Award Plan.

Our level of performance for 2011

For 2011, a portion of each named executive officer's incentive compensation was based on our performance relative to the NAREIT Peer Index. We determined our performance by comparing the growth rate in our FFO and TSR from year to year versus the median growth rates in those

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measures of the companies in the NAREIT Peer Index. We would have achieved: (1) a target level of performance if the measure in question was equal to or greater than 100%, but less than 135%, of the median for the NAREIT Peer Index; and (2) a high level of performance if the measure was equal to or greater than 135% of the median for the NAREIT Peer Index.

For the year ended December 31, 2011, our growth rate in FFO and the median growth rate in FFO for the NAREIT Peer Index were equal to approximately 8.1% and 5.0%, respectively. We therefore achieved a high level of performance for 2011 as measured by our growth rate in FFO. Our growth rate in TSR and the median growth rate in TSR for the NAREIT Peer Index were negative for 2011, declining approximately 7.0% and 6.6%.

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respectively. We, therefore, did not achieve a target level of performance for 2011 as measured by our growth rate in TSR.

For 2011, the remaining portion of each named executive officer's incentive compensation was based on the executive's achievement of personal goals. The personal goals for the named executive officers were proposed by the officers and negotiated and agreed to by the compensation committee. The specific goals for 2011 reflect our confidential operating plans and our planning process and accordingly disclosing them would result in competitive harm to us. The personal goals were intended to be challenging and ambitious but also realistic enough to be reasonably attainable given a concerted individual effort by the officer. The goals were intended to be achievable by the individual officers even if the Company's performance was not at a level at which the named executive officers would receive incentive compensation awards based on Company performance, so that those officers would be rewarded for strong individual performance when the Company's performance was adversely affected by factors beyond their control.

The compensation committee (with respect to Mr. Zalatoris) and Mr. Zalatoris (with respect to the other named executive officers) had discretion to determine whether to award this component of the incentive compensation for 2011. In making this determination, the compensation committee and Mr. Zalatoris assessed the extent to which each named executive officer met his or her personal goals during 2011.

Cash incentive opportunity for 2011

Each named executive officer had an opportunity to earn an annual cash incentive award in an amount equal to a percentage of his or her base cash salary for 2011. The maximum possible annual cash incentive award that each executive could have earned, expressed as a percentage of the executive's base cash salary for 2011, is set forth below:

Maximum Possible Annual Cash Incentive Award

(As Percentage of 2011 Base Cash Salary)

Mr. Zalatoris

40%

Mr. Brown and Mr. Carr

36%

Ms. Brooks and Mr. Anderson

30%

Of the maximum possible annual cash incentive award, the amount actually awarded was the sum of three components. The first component, as set forth below, depended upon our level of performance for 2011 as measured by the growth rate in our FFO relative to the median growth rate in FFO of the companies listed in the NAREIT Peer Index:

First Component of Annual Cash Incentive Award

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(As Percentage of 2011 Base Cash Salary)

	Mr. Zalatoris	Mr. Brown and Mr. Carr	Ms. Brooks and Mr. Anderson
Granted automatically upon achieving Target FFO	7%	5.5%	5%
Granted automatically upon achieving High FFO	14%	12.5%	10%

The second component, as set forth below, depended upon our level of performance for 2011 as measured by the growth rate in our TSR relative to the median TSR of the companies included in the NAREIT Peer Index:

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Second Component of Annual Cash Incentive Award

(As Percentage of 2011 Base Cash Salary)

Mr. Zalatoris

**Mr. Brown and
Mr. Carr**

**Ms. Brooks and
Mr. Anderson**