

MACK CALI REALTY CORP

Form 10-Q

October 30, 2008

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2008

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File 1-13274
Number:

Mack-Cali Realty Corporation
(Exact name of registrant as specified in its charter)

Maryland 22-3305147
(State or other jurisdiction of incorporation or (I.R.S. Employer Identification
organization) No.)

343 Thornall Street, Edison, New Jersey 08837-2206
(Address of principal executive offices) (Zip Code)

(732) 590-1000
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by
Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months
(or for such shorter period that the registrant was required to file such reports), and (2) has
been subject to such filing requirements for the past ninety (90) days. YES X NO ____

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated
filer
filer

Accelerated

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting
company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2
of the Exchange Act). YES NO

As of October 23, 2008, there were 65,879,195 shares of the registrant's Common Stock, par
value \$0.01 per share, outstanding.

MACK-CALI REALTY CORPORATION

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MACK-CALI REALTY CORPORATION

Part I – Financial Information

Item 1. Financial Statements

The accompanying unaudited consolidated balance sheets, statements of operations, of changes in stockholders' equity, and of cash flows and related notes thereto, have been prepared in accordance with generally accepted accounting principles ("GAAP") for interim financial information and in conjunction with the rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the disclosures required by GAAP for complete financial statements. The financial statements reflect all adjustments consisting only of normal, recurring adjustments, which are, in the opinion of management, necessary for a fair presentation for the interim periods.

The aforementioned financial statements should be read in conjunction with the notes to the aforementioned financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and notes thereto included in Mack-Cali Realty Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2007.

The results of operations for the three and nine month periods ended September 30, 2008 are not necessarily indicative of the results to be expected for the entire fiscal year or any other period.

MACK-CALI REALTY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (in thousands, except per share amounts) (unaudited)

	September 30, 2008	December 31, 2007
ASSETS		
Rental property		
Land and leasehold interests	\$ 729,549	\$ 726,253
Buildings and improvements	3,783,728	3,753,088
Tenant improvements	417,954	397,132
Furniture, fixtures and equipment	8,880	8,956
	4,940,111	4,885,429
Less – accumulated depreciation and amortization	(1,002,168)	(907,013)
Net investment in rental property	3,937,943	3,978,416
Cash and cash equivalents	7,680	24,716
Marketable securities available for sale at fair value	--	4,839
Investments in unconsolidated joint ventures	179,809	181,066
Unbilled rents receivable, net	109,768	107,761
Deferred charges and other assets, net	226,071	246,386
Restricted cash	12,189	13,613
Accounts receivable, net of allowance for doubtful accounts of \$2,386 and \$1,576	19,430	36,405
Total assets	\$ 4,492,890	\$ 4,593,202
LIABILITIES AND STOCKHOLDERS' EQUITY		
Senior unsecured notes	\$ 1,633,345	\$ 1,632,547
Revolving credit facility	293,000	250,000
Mortgages, loans payable and other obligations	304,516	329,188
Dividends and distributions payable	52,168	52,099
Accounts payable, accrued expenses and other liabilities	124,229	142,778
Rents received in advance and security deposits	53,389	51,992
Accrued interest payable	18,578	34,193
Total liabilities	2,479,225	2,492,797
Minority interests:		
Operating Partnership	436,652	456,436
Consolidated joint ventures	1,164	1,414
Total minority interests	437,816	457,850
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 5,000,000 shares authorized, 10,000 and 10,000 shares outstanding, at liquidation preference	25,000	25,000
Common stock, \$0.01 par value, 190,000,000 shares authorized, 65,875,466 and 65,558,073 shares outstanding	657	656
Additional paid-in capital	1,890,134	1,886,467
Dividends in excess of net earnings	(339,942)	(269,521)
Accumulated other comprehensive income (loss)	--	(47)

Total stockholders' equity	1,575,849	1,642,555
Total liabilities and stockholders' equity	\$ 4,492,890	\$ 4,593,202

The accompanying notes are an integral part of these consolidated financial statements.

MACK-CALI REALTY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS (in thousands, except per share amounts) (unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2008	2007	2008	2007
REVENUES				
Base rents	\$ 147,809	\$ 145,535	\$ 444,499	\$ 427,574
Escalations and recoveries from tenants	29,755	27,491	82,065	79,477
Construction services	12,268	22,912	36,334	68,722
Real estate services	3,347	5,567	10,016	13,267
Other income	11,184	11,376	18,955	17,628
Total revenues	204,363	212,881	591,869	606,668
EXPENSES				
Real estate taxes	23,361	22,422	71,522	69,744
Utilities	24,706	21,944	65,794	54,818
Operating services	25,955	27,096	79,080	79,070
Direct construction costs	11,104	22,479	34,087	66,024
General and administrative	10,767	13,411	33,099	37,351
Depreciation and amortization	49,242	49,790	144,550	135,064
Total expenses	145,135	157,142	428,132	442,071
Operating income	59,228	55,739	163,737	164,597
OTHER (EXPENSE) INCOME				
Interest expense	(31,163)	(32,163)	(94,963)	(94,432)
Interest and other investment income	257	985	1,115	4,173
Equity in earnings (loss) of unconsolidated joint ventures	(269)	(1,559)	(533)	(5,486)
Minority interest in consolidated joint ventures	147	51	286	492
Gain on sale of marketable securities	--	--	471	--
Total other (expense) income	(31,028)	(32,686)	(93,624)	(95,253)
Income from continuing operations before minority interest in Operating Partnership	28,200	23,053	70,113	69,344
Minority interest in Operating Partnership	(5,131)	(4,146)	(12,751)	(12,564)
Income from continuing operations	23,069	18,907	57,362	56,780
Discontinued operations (net of minority interest):				
Income from discontinued operations	--	20	--	1,057
Realized gains (losses) and unrealized losses on disposition of rental property, net	--	4,533	--	36,280
Total discontinued operations, net	--	4,553	--	37,337
Net income	23,069	23,460	57,362	94,117
Preferred stock dividends	(500)	(500)	(1,500)	(1,500)
Net income available to common shareholders	\$ 22,569	\$ 22,960	\$ 55,862	\$ 92,617
Basic earnings per common share:				
Income from continuing operations	\$ 0.34	\$ 0.27	\$ 0.85	\$ 0.82
Discontinued operations	\$ --	\$ 0.07	\$ --	\$ 0.56
Net income available to common shareholders	\$ 0.34	\$ 0.34	\$ 0.85	\$ 1.38
Diluted earnings per common share:				

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Income from continuing operations	\$ 0.34	\$ 0.27	\$ 0.85	\$ 0.82
Discontinued operations	\$ --	\$ 0.07	\$ --	\$ 0.55
Net income available to common shareholders	\$ 0.34	\$ 0.34	\$ 0.85	\$ 1.37
Dividends declared per common share	\$ 0.64	\$ 0.64	\$ 1.92	\$ 1.92
Basic weighted average shares outstanding	65,519	67,688	65,438	67,068
Diluted weighted average shares outstanding	80,617	83,088	80,573	82,515

The accompanying notes are an integral part of these consolidated financial statements.

MACK-CALI REALTY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (in thousands) (unaudited)

	Preferred Stock		Common Stock		Paid-In Capital	Additional Dividends in Excess of Net Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Comprehensive Income
	Shares	Amount	Shares	Par Value					
Balance at January 1, 2008	10	\$25,000	65,558	\$656	\$1,886,467	\$(269,521)	\$ (47)	\$1,642,555	--
Net income	--	--	--	--	--	57,362	--	57,362	\$57,362
Preferred stock dividends	--	--	--	--	--	(1,500)	--	(1,500)	--
Common stock dividends	--	--	--	--	--	(126,283)	--	(126,283)	--
Redemption of common units for common stock	--	--	129	1	3,883	--	--	3,884	--
Shares issued under Dividend Reinvestment and Stock Purchase Plan	--	--	6	--	249	--	--	249	--
Stock options exercised	--	--	82	--	2,311	--	--	2,311	--
Comprehensive Gain:									
Unrealized holding gain on marketable securities available for sale	--	--	--	--	--	--	518	518	518
Directors Deferred comp. plan	--	--	--	--	288	--	--	288	--
Issuance of restricted stock	--	--	253	--	--	--	--	--	--
Stock Compensation	--	--	--	2	2,163	--	--	2,165	--
Cancellation of restricted stock	--	--	(2)	--	(31)	--	--	(31)	--
Repurchase of Common Stock	--	--	(151)	(2)	(5,196)	--	--	(5,198)	--

Reclassification adjustment for realized gain included in net income	--	--	--	--	--	--	(471)	(471)	(471)
Balance at September 30, 2008	10	\$25,000	65,875	\$657	\$1,890,134	\$(339,942)	--	\$1,575,849	\$57,409

The accompanying notes are an integral part of these consolidated financial statements.

MACK-CALI REALTY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (in thousands) (unaudited)

	Nine Months Ended September 30,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 57,362	\$ 94,117
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, including related intangibles	140,154	135,064
Depreciation and amortization on discontinued operations	--	424
Stock options expense	--	99
Amortization of stock compensation	2,165	2,613
Amortization of deferred financing costs and debt discount	2,124	2,101
Equity in (earnings) loss of unconsolidated joint ventures	533	5,486
Minority interest in Operating Partnership	12,751	12,564
Minority interest in consolidated joint ventures	(286)	(492)
Minority interest in income from discontinued operations	--	240
Gain on sale of marketable securities	(471)	--
Realized (gain) losses and unrealized losses on disposition of rental property (net of minority interest)	--	(36,280)
Distribution of cumulative earnings from unconsolidated joint ventures	3,841	1,875
Changes in operating assets and liabilities:		
Increase in unbilled rents receivable, net	(1,912)	(6,480)
Increase in deferred charges and other assets, net	(17,339)	(29,455)
Decrease (increase) in accounts receivable, net	16,975	(1,934)
(Decrease) increase in accounts payable, accrued expenses and other liabilities	(12,988)	7,733
Increase (decrease) in rents received in advance and security deposits	1,397	(1,131)
Decrease in accrued interest payable	(15,615)	(15,319)
 Net cash provided by operating activities	 \$ 188,691	 \$ 171,225
 CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to rental property and related intangibles	\$ (68,420)	\$ (356,178)
Repayments of notes receivable	125	120
Investment in unconsolidated joint ventures	(6,584)	(22,310)
Purchase of marketable securities available for sale	--	(4,884)
Distribution from unconsolidated joint ventures	3,274	992
Proceeds from sale of rental property	--	57,204
Proceeds from sale of marketable securities	5,355	--
Proceeds from sale of investment in joint ventures	--	575
Decrease in restricted cash	1,424	1,809
 Net cash used in investing activities	 \$ (64,826)	 \$ (322,672)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings from revolving credit facility	\$ 630,100	\$ 395,000
Repayment of revolving credit facility	(587,100)	(374,000)
Borrowings from money market loans	352,000	--

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Repayment of money market loans	(352,000)	--
Repayment of mortgages, loans payable and other obligations	(24,570)	(25,433)
Proceeds from offering of Common Stock	--	251,732
Payment of financing costs	(79)	(1,801)
Repurchase of Common Stock	(5,198)	(11,172)
Proceeds from stock options exercised	2,311	3,675
Payment of dividends and distributions	(156,365)	(157,796)
Net cash (used in) provided by financing activities	\$ (140,901)	\$ 80,205
Net decrease in cash and cash equivalents	\$ (17,036)	\$ (71,242)
Cash and cash equivalents, beginning of period	24,716	101,223
Cash and cash equivalents, end of period	\$ 7,680	\$ 29,981

The accompanying notes are an integral part of these consolidated financial statements.

MACK-CALI REALTY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

1. ORGANIZATION AND BASIS OF PRESENTATION

ORGANIZATION

Mack-Cali Realty Corporation, a Maryland corporation, together with its subsidiaries (collectively, the “Company”), is a fully-integrated, self-administered, self-managed real estate investment trust (“REIT”) providing leasing, management, acquisition, development, construction and tenant-related services for its properties and third-parties. As of September 30, 2008, the Company owned or had interests in 294 properties plus developable land (collectively, the “Properties”). The Properties aggregate approximately 33.7 million square feet, which are comprised of 283 buildings, primarily office and office/flex buildings, totaling approximately 33.3 million square feet (which include 38 buildings, primarily office buildings, aggregating 4.5 million square feet owned by unconsolidated joint ventures in which the Company has investment interests), six industrial/warehouse buildings totaling approximately 387,400 square feet, two retail properties totaling approximately 17,300 square feet, a hotel (which is owned by an unconsolidated joint venture in which the Company has an investment interest) and two parcels of land leased to others. The Properties are located in six states in the Northeast, plus the District of Columbia.

BASIS OF PRESENTATION

The accompanying consolidated financial statements include all accounts of the Company, its majority-owned and/or controlled subsidiaries, which consist principally of Mack-Cali Realty, L.P. (the “Operating Partnership”), and variable interest entities for which the Company has determined itself to be the primary beneficiary, if any. See Note 2: Significant Accounting Policies – Investments in Unconsolidated Joint Ventures for the Company’s treatment of unconsolidated joint venture interests. Intercompany accounts and transactions have been eliminated.

The preparation of financial statements in conformity with generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Certain reclassifications have been made to prior period amounts in order to conform with current period presentation.

2. SIGNIFICANT ACCOUNTING POLICIES

Rental

Property Rental properties are stated at cost less accumulated depreciation and amortization. Costs directly related to the acquisition, development and construction of rental properties are capitalized. Capitalized development and construction costs include pre-construction costs essential to the development of the property, development and construction costs, interest, property taxes, insurance, salaries and other project costs incurred during the period of development. Included in total rental property is construction, tenant improvement and development in-progress of \$135,786,000 and \$126,470,000 (including land of \$70,657,000 and \$68,328,000) as of September 30, 2008 and December 31, 2007, respectively. Ordinary repairs and maintenance are expensed as incurred; major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives. Fully-depreciated assets are removed from the accounts.

The Company considers a construction project as substantially completed and held available for occupancy upon the completion of tenant improvements, but no later than one year from cessation of major construction activity (as distinguished from activities such as routine maintenance and cleanup). If portions of a rental project are substantially completed and occupied by tenants, or held available for occupancy, and other portions have not yet reached that stage, the substantially completed portions are accounted for as a separate project. The Company allocates costs incurred between the portions under construction and the portions substantially completed and held available for occupancy, and capitalizes only those costs associated with the portion under construction.

Properties are depreciated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Leasehold interests	Remaining lease term
Buildings and improvements	5 to 40 years
Tenant improvements	The shorter of the term of the related lease or useful life
Furniture, fixtures and equipment	5 to 10 years

Upon acquisition of rental property, the Company estimates the fair value of acquired tangible assets, consisting of land, building and improvements, and identified intangible assets and liabilities, generally consisting of the fair value of (i) above and below market leases, (ii) in-place leases and (iii) tenant relationships. The Company allocates the purchase price to the assets acquired and liabilities assumed based on their relative fair values. In estimating the fair value of the tangible and intangible assets acquired, the Company considers information obtained about each property as a result of its due diligence and marketing and leasing activities, and utilizes various valuation methods, such as estimated cash flow projections utilizing appropriate discount and capitalization rates, estimates of replacement costs net of depreciation, and available market information. The fair value of the tangible assets of an acquired property considers the value of the property as if it were vacant.

Above-market and below-market lease values for acquired properties are recorded based on the present value, (using a discount rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management's estimate of fair market lease rates for each corresponding in-place lease, measured over a period equal to the remaining term of the lease for above-market leases and the initial term plus the term of any below-market fixed rate renewal options for below-market leases. The capitalized above-market lease values are amortized as a reduction of base rental revenue over the remaining term of the respective leases, and the capitalized below-market lease values are amortized as an increase to base rental revenue over the remaining initial terms plus the terms of any below-market fixed rate renewal options of the respective leases.

Other intangible assets acquired include amounts for in-place lease values and tenant relationship values, which are based on management's evaluation of the specific characteristics of each tenant's lease and the Company's overall relationship with the respective tenant. Factors to be considered by management in its analysis of in-place lease values include an estimate of carrying costs during hypothetical expected lease-up periods considering current market conditions, and costs to execute similar leases. In estimating carrying costs, management includes real estate taxes, insurance and other operating expenses and estimates of lost rentals at market rates during the expected lease-up periods, depending on local market conditions. In estimating costs to execute similar leases, management considers leasing commissions, legal and other related expenses. Characteristics considered by management in valuing tenant relationships include the nature and extent of the Company's existing business relationships with the tenant, growth prospects for developing new business with the tenant, the tenant's credit quality and expectations of lease renewals. The value of in-place leases are amortized to expense over the remaining initial terms of the respective leases. The value of tenant relationship intangibles are amortized to expense over the anticipated life of the relationships.

On a periodic basis, management assesses whether there are any indicators that the value of the Company's real estate properties held for use may be impaired. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property is less than the carrying value of the property. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the property over the fair value of the property. The Company's estimates of aggregate future cash flows

expected to be generated by each property are based on a number of assumptions that are subject to economic and market uncertainties including, among others, demand for space, competition for tenants, changes in market rental rates, and costs to operate each property. As these factors are difficult to predict and are subject to future events that may alter management's assumptions, the future cash flows estimated by management in its impairment analyses may not be achieved. Management does not believe that the value of any of the Company's rental properties is impaired.

When assets are identified by management as held for sale, the Company discontinues depreciating the Property assets and estimates the sales price, net of selling costs, of such assets. If, in management's opinion, the Held for Sale estimated net sales price of the assets which have been identified as held for sale is less than the net and book value of the assets, a valuation allowance is established. Properties identified as held for sale Discontinued and/or sold are presented in discontinued operations for all periods presented. See Note 5: Discontinued Operations Operations.

If circumstances arise that previously were considered unlikely and, as a result, the Company decides not to sell a property previously classified as held for sale, the property is reclassified as held and used. A property that is reclassified is measured and recorded individually at the lower of (a) its carrying amount before the property was classified as held for sale, adjusted for any depreciation (amortization) expense that would have been recognized had the property been continuously classified as held and used, or (b) the fair value at the date of the subsequent decision not to sell.

The Company accounts for its investments in unconsolidated joint ventures for which Financial Unconsolidated Accounting Standards Board ("FASB") Interpretation No. 46 (revised December 2003), Consolidation Joint Ventures of Variable Interest Entities ("FIN 46") does not apply under the equity method of accounting as the Company exercises significant influence, but does not control these entities. These investments are recorded initially at cost, as Investments in Unconsolidated Joint Ventures, and subsequently adjusted for equity in earnings and cash contributions and distributions.

FIN 46 provides guidance on the identification of entities for which control is achieved through means other than voting rights ("variable interest entities" or "VIEs") and the determination of which business enterprise, if any, should consolidate the VIE (the "primary beneficiary"). Generally, FIN 46 applies when either (1) the equity investors (if any) lack one or more of the essential characteristics of a controlling financial interest, (2) the equity investment at risk is insufficient to finance that entity's activities without additional subordinated financial support or (3) the equity investors have voting rights that are not proportionate to their economic interests and the activities of the entity involve or are conducted on behalf of an investor with a disproportionately small voting interest.

On a periodic basis, management assesses whether there are any indicators that the value of the Company's investments in unconsolidated joint ventures may be impaired. An investment is impaired only if management's estimate of the value of the investment is less than the carrying value of the investment, and such decline in value is deemed to be other than temporary. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the investment over the value of the investment. Management does not believe that the value of any of the Company's investments in unconsolidated joint ventures is impaired. See Note 3: Investments in Unconsolidated Joint Ventures.

Cash and Cash Equivalents All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Marketable Securities The Company classifies its marketable securities among three categories: held-to-maturity, trading and available-for-sale. Unrealized holding gains and losses relating to available-for-sale securities are excluded from earnings and reported as other comprehensive income (loss) in stockholders' equity until realized. A decline in the market value of any marketable security below cost that is deemed to be other than temporary results in a reduction in the carrying amount to fair value. Any impairment would be charged to earnings and a new cost basis for the security established.

The fair value of the marketable securities was determined using level I inputs under FAS 157. Level I inputs represent quoted prices available in an active market for identical investments as of the reporting date.

The Company received \$0 and \$65,000 in dividend income from its holdings in marketable securities during the three and nine months ended September 30, 2008, respectively. During the nine months ended September 30, 2008, the Company disposed of its marketable securities, and realized a gain of \$471,000.

Deferred Financing Costs Costs incurred in obtaining financing are capitalized and amortized on a straight-line basis, which approximates the effective interest method, over the term of the related indebtedness. Amortization of such costs is included in interest expense and was \$708,000 and \$680,000 for the three months ended September 30, 2008 and 2007, respectively, and \$2,124,000 and \$2,101,000 for the nine months ended September 30, 2008 and 2007, respectively.

Deferred

Leasing Costs Costs incurred in connection with leases are capitalized and amortized on a straight-line basis over the terms of the related leases and included in depreciation and amortization. Unamortized deferred leasing costs are charged to amortization expense upon early termination of the lease. Certain employees of the Company are compensated for providing leasing services to the Properties. The portion of such compensation, which is capitalized and amortized, approximated \$895,000 and \$929,000 for the three months ended September 30, 2008 and 2007, respectively, and \$2,549,000 and \$2,993,000 for the nine months ended September 30, 2008 and 2007, respectively.

Derivative

Instruments The Company measures derivative instruments, including certain derivative instruments embedded in other contracts, at fair value and records them as an asset or liability, depending on the Company's rights or obligations under the applicable derivative contract. For derivatives designated and qualifying as fair value hedges, the changes in the fair value of both the derivative instrument and the hedged item are recorded in earnings. For derivatives designated as cash flow hedges, the effective portions of the derivative are reported in other comprehensive income ("OCI") and are subsequently reclassified into earnings when the hedged item affects earnings. Changes in fair value of derivative instruments not designated as hedging and ineffective portions of hedges are recognized in earnings in the affected period.

Revenue

Recognition Base rental revenue is recognized on a straight-line basis over the terms of the respective leases. Unbilled rents receivable represents the amount by which straight-line rental revenue exceeds rents currently billed in accordance with the lease agreements. Above-market and below-market lease values for acquired

properties are recorded based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management's estimate of fair market lease rates for each corresponding in-place lease, measured over a period equal to the remaining term of the lease for above-market leases and the initial term plus the term of any below-market fixed-rate renewal options for below-market leases. The capitalized above-market lease values for acquired properties are amortized as a reduction of base rental revenue over the remaining term of the respective leases, and the capitalized below-market lease values are amortized as an increase to base rental revenue over the remaining initial terms plus the terms of any below-market fixed-rate renewal options of the respective leases. Escalations and recoveries from tenants are received from tenants for certain costs as provided in the lease agreements. These costs generally include real estate taxes, utilities, insurance, common area maintenance and other recoverable costs. See Note 12: Tenant Leases. Construction services revenue includes fees earned and reimbursements received by the Company for providing construction management and general contractor services to clients. Construction services revenue is recognized on the percentage of completion method. Using this method, profits are recorded on the basis of estimates of the overall profit and percentage of completion of individual contracts. A portion of the estimated profits is accrued based upon estimates of the percentage of completion of the construction contract. This revenue recognition method involves inherent risks relating to profit and cost estimates. Real estate services revenue includes property management, facilities management, leasing commission fees and other services, and payroll and related costs reimbursed from clients. Other income includes income from parking spaces leased to tenants, income from tenants for additional services arranged for by the Company and income from tenants for early lease terminations.

Allowance Management periodically performs a detailed review of amounts due from tenants and clients to determine for if accounts receivable balances are impaired based on factors affecting the collectibility of those Doubtful balances. Management's estimate of the allowance for doubtful accounts requires management to exercise Accounts significant judgment about the timing, frequency and severity of collection losses, which affects the allowance and net income.

Income and

Other Taxes The Company has elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"). As a REIT, the Company generally will not be subject to corporate federal income tax (including alternative minimum tax) on net income that it currently distributes to its shareholders, provided that the Company satisfies certain organizational and operational requirements including the requirement to distribute at least 90 percent of its REIT taxable income to its shareholders. The Company has elected to treat certain of its corporate subsidiaries as taxable REIT subsidiaries (each a "TRS"). In general, a TRS of the Company may perform additional services for tenants of the Company and generally may engage in any real estate or non-real estate related business (except for the operation or management of health care facilities or lodging facilities or the providing to any person, under a franchise, license or otherwise, rights to any brand name under which any lodging facility or health care facility is operated). A TRS is subject to corporate federal income tax. If the Company fails to qualify as a REIT in any taxable year, the Company will be subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate tax rates. The Company is subject to certain state and local taxes.

The Company adopted the provisions of FASB Interpretation No. 48 ("FIN 48"), Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109 ("FAS No. 109") on January 1, 2007. As a result of the implementation of FIN 48, the Company recognized no material adjustments regarding its tax accounting treatment. The Company expects to recognize interest and penalties related to uncertain tax positions, if any, as income tax expense, which is included in general and administrative expense.

Earnings The Company presents both basic and diluted earnings per share (“EPS”). Basic EPS excludes dilution and is computed by dividing net income available to common shareholders by the weighted average number of shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock, where such exercise or conversion would result in a lower EPS amount.

Dividends The dividends and distributions payable at September 30, 2008 represents dividends payable to preferred and minority interest common unitholders of the Operating Partnership (14,854,139 common units) for all such holders of record as of October 3, 2008 with respect to the third quarter 2008. The third quarter 2008 preferred stock dividends of \$50.00 per share, common stock dividends and common unit distributions of \$0.64 per common share and unit were approved by the Board of Directors on September 16, 2008. The common stock dividends and common unit distributions payable were paid on October 10, 2008. The preferred stock dividends payable were paid on October 15, 2008.

The dividends and distributions payable at December 31, 2007 represents dividends payable to preferred shareholders (10,000 shares) and common shareholders (65,637,709 shares), and distributions payable to minority interest common unitholders of the Operating Partnership (14,985,538 common units) for all such holders of record as of January 4, 2008 with respect to the fourth quarter 2007. The fourth quarter 2007 preferred stock dividends of \$50.00 per share, common stock dividends and common unit distributions of \$0.64 per common share and unit were approved by the Board of Directors on December 4, 2007. The common stock dividends and common unit distributions payable were paid on January 14, 2008. The preferred stock dividends payable were paid on January 15, 2008.

Costs Costs incurred in connection with the Company’s stock issuances are reflected as a reduction of additional paid-in capital.

**For
Stock
Issuances**

Stock The Company accounts for stock options and restricted stock awards granted prior to 2002 using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees,” and related Interpretations (“APB No. 25”). Under APB No. 25, compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company’s stock at the date of grant over the exercise price of the option granted. Compensation cost for stock options is recognized ratably over the vesting period. The Company’s policy is to grant options with an exercise price equal to the quoted closing market price of the Company’s stock on the business day preceding the grant date. Accordingly, no compensation cost has been recognized under the Company’s stock option plans for the granting of stock options made prior to 2002. Restricted stock awards granted prior to 2002 are valued at the vesting dates of such awards with compensation cost for such awards recognized ratably over the vesting period.

In 2002, the Company adopted the provisions of FASB No. 123, and in 2006, the Company adopted the provisions of FASB No. 123(R), which did not have a material effect on the Company’s financial position and results of operations. These provisions require that the estimated fair value of restricted stock (“Restricted Stock Awards”) and stock options at the grant date be amortized ratably into expense over the appropriate vesting period. The Company recorded restricted stock and stock options expense of \$715,000 and \$907,000 for the three months ended September 30, 2008 and 2007, respectively, and \$2,135,000 and \$2,711,000 for the nine months ended September 30, 2008 and 2007, respectively.

Other Comprehensive Income	Other comprehensive income (loss) includes items that are recorded in equity, such as unrealized holding gains or losses on marketable securities available for sale.
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3. INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

The debt of the Company's unconsolidated joint ventures generally is non-recourse to the Company, except for customary exceptions pertaining to such matters as intentional misuse of funds, environmental conditions and material misrepresentations, and except as otherwise indicated below.

PLAZA VIII AND IX ASSOCIATES, L.L.C.

Plaza VIII and IX Associates, L.L.C. is a joint venture between the Company and Columbia Development Company, L.L.C. ("Columbia"). The venture was formed to acquire land for future development, located on the Hudson River waterfront in Jersey City, New Jersey, adjacent to the Company's Harborside Financial Center office complex. The Company and Columbia each hold a 50 percent interest in the venture. Among other things, the partnership agreement provides for a preferred return on the Company's invested capital in the venture, in addition to the Company's proportionate share of the venture's profit, as defined in the agreement. The venture owns undeveloped land currently used as a parking facility.

RAMLAND REALTY ASSOCIATES L.L.C. (One Ramland Road)

On August 20, 1998, the Company entered into a joint venture with S.B. New York Realty Corp. to form Ramland Realty Associates L.L.C. The venture was formed to own, manage and operate One Ramland Road, a 232,000 square foot office/flex building and adjacent developable land, located in Orangeburg, New York. In August 1999, the joint venture completed redevelopment of the property and placed the office/flex building in service. The Company holds a 50 percent interest in the joint venture. The venture has a mortgage loan with a \$14.7 million balance at September 30, 2008 collateralized by its office/flex property. The mortgage bears interest at a rate of LIBOR plus 175 basis points and is scheduled to mature in January 2009. The venture recorded an impairment loss of approximately \$4.3 million on its rental property as of December 31, 2007. The mortgage lender has notified the joint venture that its mortgage loan is in default due to non-receipt of debt service payments. The joint venture is currently in discussion with the lender regarding a deed in lieu of foreclosure.

The Company performs management, leasing and other services for the property owned by the joint venture and recognized \$10,000 and \$16,000 in fees for such services for the three months ended September 30, 2008 and 2007, respectively, and \$42,000 and \$48,000 for the nine months ended September 30, 2008 and 2007, respectively.

SOUTH PIER AT HARBORSIDE – HOTEL DEVELOPMENT

On November 17, 1999, the Company entered into a joint venture with Hyatt Corporation ("Hyatt") to develop a 350-room hotel on the South Pier at Harborside Financial Center, Jersey City, New Jersey, which was completed and commenced initial operations in July 2002. The Company owns a 50 percent interest in the venture.

The venture has a mortgage loan with a balance as of September 30, 2008 of \$68.4 million collateralized by the hotel property. The loan carries an interest rate of 6.15 percent and matures in November 2016. The venture has a loan with a balance as of September 30, 2008 of \$6.7 million with the City of Jersey City, provided by the U.S. Department of Housing and Urban Development. The loan currently bears interest at fixed rates ranging from 6.09 percent to 6.62 percent and matures in August 2020. The Company has posted a \$6.7 million letter of credit in support of this loan, \$3.4 million of which is indemnified by Hyatt.

RED BANK CORPORATE PLAZA L.L.C./RED BANK CORPORATE PLAZA II, L.L.C.

On March 23, 2006, the Company entered into a joint venture with The PRC Group (“PRC”) to form Red Bank Corporate Plaza L.L.C. The venture was formed to develop Red Bank Corporate Plaza, a 92,878 square foot office building located in Red Bank, New Jersey. The property is fully leased to Hovnanian Enterprises, Inc. through September 30, 2017. The Company holds a 50 percent interest in the venture. PRC contributed the vacant land for the development of the office building as its initial capital in the venture. The Company funded the costs of development up to the value of the land contributed by PRC of \$3.5 million as its initial capital.

On October 20, 2006, the venture entered into a \$22.0 million construction loan with a commercial bank collateralized by the land and development project. The loan (with a balance as of September 30, 2008 of \$19.1 million) carried an interest rate of LIBOR plus 130 basis points through March 2008. In April 2008, the interest rate was reduced to LIBOR plus 125 basis points and the maturity was extended one year to April 2009. The loan currently has two one-year extension options subject to certain conditions, each of which requires payment of a fee.

In September 2007, the joint venture completed development of the property and placed the office building in service. The Company performs management, leasing and other services for the property owned by the joint venture and recognized \$30,500 and \$0 in fees for such services for the three months ended September 30, 2008 and 2007, respectively, and \$82,000 and \$0 for the nine months ended September 30, 2008 and 2007, respectively.

On July 20, 2006, the Company entered into a second joint venture agreement with PRC to form Red Bank Corporate Plaza II L.L.C. The venture was formed to hold land on which it plans to develop Red Bank Corporate Plaza II, an 18,561 square foot office building located in Red Bank, New Jersey. The Company holds a 50 percent interest in the venture. The terms of the venture are similar to Red Bank Corporate Plaza L.L.C. PRC contributed the vacant land as its initial capital in the venture.

MACK-GREEN-GALE LLC

On May 9, 2006, as part of the Gale/Green transactions completed in May 2006, the Company entered into a joint venture, Mack-Green-Gale LLC (“Mack-Green”), with SL Green, pursuant to which Mack-Green holds a 96 percent interest in and acts as general partner of Gale SLG NJ Operating Partnership, L.P. (the “OP LP”). The Company’s acquisition cost for its interest in Mack-Green was approximately \$125 million, which was funded primarily through borrowing under the Company’s revolving credit facility. The OP LP owns 100 percent of entities which owned 25 office properties (the “OP LP Properties”) which aggregate 3.5 million square feet (consisting of 17 office properties aggregating 2.3 million square feet located in New Jersey and eight properties aggregating 1.2 million square feet located in Troy, Michigan), as well as a minor, non-controlling interest in four office properties aggregating 419,000 square feet located in Naperville, Illinois, which was subsequently sold. In December 2007, the OP LP sold its eight properties located in Troy, Michigan for \$83.5 million. The venture recognized a loss of approximately \$22.3 million from the sale. Included in the Company’s equity in earnings for the quarter ended December 31, 2007 was \$223,000 in loss related to the sale.

As defined in the Mack-Green operating agreement, the Company shares decision-making equally with SL Green regarding: (i) all major decisions involving the operations of Mack-Green; and (ii) overall general partner responsibilities in operating the OP LP.

The Mack-Green operating agreement generally provides for profits and losses to be allocated as follows:

- (i) 99 percent of Mack-Green’s share of the profits and losses from 10 specific OP LP Properties allocable to the Company and one percent allocable to SL Green;
- (ii) one percent of Mack-Green’s share of the profits and losses from eight specific OP LP Properties and its minor interest in four office properties allocable to the Company and 99 percent allocable to SL Green; and
- (iii) 50 percent of all other profits and losses allocable to the Company and 50 percent allocable to SL Green.

Substantially all of the OP LP Properties are encumbered by mortgage loans with an aggregate outstanding principal balance of \$277.7 million at September 30, 2008. \$186.9 million of the mortgage loans bear interest at a weighted average fixed interest rate of 6.26 percent per annum and mature at various times through May 2016. \$91 million of the mortgage loans bear interest at a floating rate ranging from LIBOR plus 275 basis points to LIBOR per annum and mature at various times through May 2009, with two one-year extension options, subject to certain conditions and the payment of a fee. Substantially all of the floating rate mortgage loans are provided by an affiliate of SL Green.

The Company performs management, leasing, and other services for the properties owned by the joint venture and recognized \$863,000 and \$1.5 million in income (net of \$209,000 and \$100,000 in direct costs) for such services for the three months ended September 30, 2008 and 2007, respectively, and \$2.8 million and \$2.7 million in income (net of \$1.5 million and \$896,000 in direct costs) for the nine months ended September 30, 2008 and 2007, respectively.

GE/GALE FUNDING LLC (PFV)

The Gale agreement signed as part of the Gale/Green transactions in May 2006 provides for the Company to acquire certain ownership interests in real estate projects (the “Non-Portfolio Properties”), subject to obtaining certain third party consents and the satisfaction of various project-related and/or other conditions. Each of the Company’s acquired interests in the Non-Portfolio Properties provide for the initial distributions of net cash flow solely to the Company, and thereafter an affiliate of Mr. Gale (“Gale Affiliate”) has participation rights (“Gale Participation Rights”) in 50 percent of the excess net cash flow remaining after the distribution to the Company of the aggregate amount equal to the sum of: (a) the Company’s capital contributions, plus (b) an internal rate of return (“IRR”) of 10 percent per annum, accruing on the date or dates of the Company’s investments.

On May 9, 2006, as part of the Gale/Green transactions, the Company acquired from a Gale Affiliate for \$1.8 million a 50 percent controlling interest in GMW Village Associates, LLC (“GMW Village”). GMW Village holds a 20 percent interest in GE/Gale Funding LLC (“GE Gale”). GE Gale owns a 100 percent interest in the entity owning Princeton Forrestal Village, a mixed-use, office/retail complex aggregating 527,015 square feet and located in Plainsboro, New Jersey (“Princeton Forrestal Village” or “PFV”).

In addition to the cash consideration paid to acquire the interest, the Company provided a Gale affiliate with the Gale Participation Rights.

The operating agreement of GE Gale, which is owned 80 percent by GEBAM, Inc., provides for, among other things, distributions of net cash flow, initially, in proportion to each member’s interest and subject to adjustment upon achievement of certain financial goals, as defined in the operating agreement.

GE Gale has a mortgage loan with a balance of \$52.8 million at September 30, 2008. The loan bears interest at a rate of LIBOR plus 275 basis points and matures on January 9, 2009, with an extension option through January 9, 2011.

The Company performs management, leasing, and other services for PFV and recognized \$217,300 and \$356,000 in income (net of \$31,700 and \$157,000 in direct costs) for such services for the three months ended September 30, 2008 and 2007, respectively, and \$655,000 and \$741,000 in income (net of \$288,000 and \$1.4 million in direct costs) for the nine months ended September 30, 2008 and 2007, respectively.

ROUTE 93 MASTER LLC (“Route 93 Participant”)/ROUTE 93 BEDFORD MASTER LLC (with the Route 93 Participant, collectively, the “Route 93 Venture”)

On June 1, 2006, the Route 93 Venture was formed between the Route 93 Participant, a majority-owned subsidiary of the Company, having a 30 percent interest and the Commingled Pension Trust Fund (Special Situation Property) of JPMorgan Chase Bank having a 70 percent interest, for the purpose of acquiring seven office buildings, aggregating 666,697 square feet, located in the towns of Andover, Bedford and Billerica, Massachusetts. Profits and losses are shared by the partners in proportion to their respective interests until the investment yields an 11 percent IRR, then sharing will shift to 40/60, and when the IRR reaches 15 percent, then sharing will shift to 50/50.

The Route 93 Participant is a joint venture between the Company and a Gale affiliate. Profits and losses are shared by the partners under this venture in proportion to their respective interests (83.3/16.7) until the investment yields an 11 percent IRR, then sharing will shift to 50/50.

The Route 93 Ventures has a mortgage loan with an amount not to exceed \$58.6 million, with a \$43.0 million balance at September 30, 2008, collateralized by its office properties. The loan provides the venture the ability to draw additional monies for qualified leasing and capital improvement costs. The loan bears interest at a rate of LIBOR plus 220 basis points and matures on July 11, 2009, with two one-year extension options, subject to certain conditions and the payment of a fee.

The Company had performed services for Route 93 Master LLC and Route 93 Bedford Master LLC and recognized \$12,500 and \$0 in fees for such services for the three months ended September 30, 2008 and 2007, respectively, and \$45,000 and \$0 for the nine months ended September 30, 2008 and 2007, respectively.

GALE KIMBALL, L.L.C.

On June 15, 2006, the Company entered into a joint venture with a Gale Affiliate to form M-C Kimball, LLC (“M-C Kimball”). M-C Kimball was formed for the sole purpose of acquiring a Gale Affiliate’s 33.33 percent membership interest in Gale Kimball, L.L.C. (“Gale Kimball”), an entity holding a 25 percent interest in 100 Kimball Drive LLC (“100 Kimball”), which developed and placed in service a 175,000 square foot office property that has been substantially pre-leased to a single tenant, located at 100 Kimball Drive, Parsippany, New Jersey (the “Kimball Property”).

The operating agreement of M-C Kimball provides, among other things, for the Gale Participation Rights (of which Mark Yeager, an Executive Vice President of the Company, has a direct 26 percent interest).

Gale Kimball is owned 33.33 percent by M-C Kimball and 66.67 percent by the Hampshire Generational Fund, L.L.C. (“Hampshire”). The operating agreement of Gale Kimball provides, among other things, for the distribution of net cash flow, initially, in accordance with its members’ respective membership interests and, upon achievement of certain financial conditions, 50 percent to each of the Company and Hampshire.

100 Kimball is owned 25 percent by Gale Kimball and 75 percent by 100 Kimball Drive Realty Member LLC, an affiliate of JPMorgan (“JPM”). The operating agreement of 100 Kimball provides, among other things, for the distributions to be made in the following order:

- (i) first, to JPM, such that JPM is provided with an annual 12 percent compound preferred return on Preferred Equity Capital Contributions (as such term is defined in the operating agreement of 100 Kimball and largely comprised of development and construction costs);
- (ii) second, to JPM, as return of Preferred Equity Capital Contributions until complete repayment of such Preferred Equity Capital Contributions;
- (iii) third, to each of JPM and Gale Kimball in proportion to their respective membership interests until each member is provided, as a result of such distributions, with an annual twelve percent compound return on the Member’s Capital Contributions (as defined in the operating agreement of 100 Kimball, and excluding Preferred Equity Capital Contributions, if any); and
- (iv) fourth, 50 percent to each of JPM and Gale Kimball.

On September 21, 2007, 100 Kimball obtained a \$47 million mortgage loan which bears interest at a rate of 5.95 percent and matures in September 2012.

The Company performs management, leasing, and other services for the property owned by 100 Kimball for which it recognized \$193,000 and \$38,500 in income (net of \$0 and \$324,000 in direct costs) for the three months ended September 30, 2008, and 2007, respectively, and \$316,800 and \$866,500 in income (net of \$1.0 million and \$2.5 million in direct costs) for the nine months ended September 30, 2008 and 2007, respectively.

55 CORPORATE PARTNERS, LLC

On June 9, 2006, the Company entered into a joint venture with a Gale Affiliate to form 55 Corporate Partners L.L.C. (“55 Corporate”). 55 Corporate was formed for the sole purpose of acquiring from a Gale Affiliate a 50 percent interest in SLG 55 Corporate Drive II LLC (“SLG 55”), an entity presently holding a 100 percent indirect condominium interest in a vacant land parcel located in Bridgewater, New Jersey, which can accommodate development of an approximately 200,000 square foot office building (the “55 Corporate Property”). The remaining 50 percent in SLG 55 is owned by SLG Gale 55 Corporate LLC, an affiliate of SL Green Realty Corp. (“SLG Gale 55”).

In November 2007, Sanofi-Aventis U.S. Inc. (“Sanofi”), which occupies neighboring buildings, exercised its option to cause the venture to construct a building on the Property and has signed a lease thereof. The lease has a term of

fifteen years, subject to three five-year extension options. The construction of the building, estimated to cost approximately \$54 million, is not required to commence until July 1, 2009 for a July 2011 delivery; however, if Sanofi gives a Construction Start Date Acceleration Notice in accordance with the provisions of its lease, then construction shall promptly commence after the necessary permits are obtained, even if such construction start date shall occur prior to July 1, 2009.

The operating agreement of 55 Corporate provides, among other things, for the Gale Participation Rights (of which Mr. Yeager has a direct 26 percent interest). If Mr. Gale receives any payments with respect to a Sanofi lease on the development property, Mr. Gale has agreed to pay to Mr. Yeager 26 percent of such payments.

The operating agreement of SLG 55 provides, among other things, for the distribution of the available net cash flow to each of 55 Corporate and SLG Gale 55 in proportion to their respective membership interests in SLG 55 (50 percent each).

12 VREELAND ASSOCIATES, L.L.C.

On September 8, 2006, the Company entered into a joint venture with a Gale Affiliate to form M-C Vreeland, LLC (“M-C Vreeland”). M-C Vreeland was formed for the sole purpose of acquiring a Gale Affiliate’s 50 percent membership interest in 12 Vreeland Associates, L.L.C., an entity owning an office property located at 12 Vreeland Road, Florham Park, New Jersey.

The operating agreement of M-C Vreeland provides, among other things, for the Gale Participation Rights (of which Mr. Yeager has a direct 15 percent interest).

The office property at 12 Vreeland is a 139,750 square foot office building that is fully leased to a single tenant through June 15, 2012. The property is subject to a mortgage loan, which matures on July 1, 2012, and bears interest at 6.9 percent per annum. As of September 30, 2008, the outstanding balance on the mortgage note was \$7.6 million.

Under the operating agreement of 12 Vreeland Associates, L.L.C., M-C Vreeland has a 50 percent interest, with S/K Florham Park Associates, L.L.C. (the managing member) and its affiliate holding the other 50 percent.

BOSTON-FILENES

On October 20, 2006, the Company formed a joint venture (“M-C/Gale JV LLC”) with Gale International/426 Washington St. LLC (“Gale/426”), which, in turn, entered into a joint venture (“Vornado JV LLC”) with VNO 426 Washington Street JV LLC (“Vornado”), an affiliate of Vornado Realty LP, which was formed to acquire and redevelop the Filenes property located in the Downtown Crossing district of Boston, Massachusetts (the “Filenes Property”).

On January 25, 2007, (i) each of the M-C/Gale JV LLC and Washington Street Realty Member LLC (“JPM”) formed a joint venture (“JPM JV LLC”), (ii) M-C/Gale JV LLC assigned its entire 50 percent ownership interest in the Vornado JV LLC to JPM JV LLC, (iii) the Limited Liability Company Agreement of Vornado JV LLC was amended to reflect, among other things, the change in the ownership structure described in subsection (ii) above, and (iv) the Limited Liability Company Agreement of M-C/Gale JV LLC was amended and restated to reflect, among other things, the change in the ownership structure described in subsection (ii) above. The Vornado JV LLC acquired the Filenes Property on January 29, 2007, for approximately \$100 million.

On or about September 16, 2008, Vornado JV LLC was reorganized in contemplation of developing and converting the Filenes property into a condominium consisting of a retail unit, an office unit, a parking unit, a hotel unit and a residential unit. Pursuant to this reorganization, (i) the Company and Gale/426 formed a new joint venture (“M-C/Gale JV II LLC”) and (ii) M-C/Gale JV II LLC and Washington Street Realty Member II LLC (“JPM II”) formed a new joint venture (“JPM JV II LLC”) to invest in a new joint venture (“Vornado JV II LLC”) with Vornado RTR DC LLC, an affiliate of Vornado Realty, LP (“Vornado II”). Following this reorganization, Vornado JV LLC owns the interests in the retail unit and the office unit (the “Filenes Office/Retail Component”) and Vornado JV II LLC owns the interests in the parking unit, the hotel unit and the residential unit (“the “Filenes Hotel/Residential/Parking Component”). In connection with the foregoing, (a) the Limited Liability Company Agreement of Vornado JV LLC, as amended, was amended and restated to reflect, among other things, the change in the ownership structure described above, (b) the Limited Liability Company Agreement of JPM JV LLC was amended and restated to reflect, among other things, the

change in the ownership structure described above and (c) the Limited Liability Company Agreement of M-C/Gale JV LLC was amended and restated to reflect, among other things, the change in the ownership structure described above.

As a result of the foregoing transactions, (A) (i) the Filenes Office/Retail Component is owned by Vornado JV LLC, (ii) Vornado JV LLC is owned 50 percent by each of Vornado and JPM JV LLC, (iii) JPM JV LLC is owned 30 percent by M-C/Gale JV LLC, 70 percent by JPM and managed by Gale/426, which has no ownership interest in JPM JV LLC, and (iv) M-C/Gale JV LLC is owned 99.99 percent by the Company and 0.01 percent by Gale/426 and (B) (i) the Filenes Hotel/Residential/Parking Component is owned by Vornado JV II LLC, (ii) Vornado JV II LLC is owned 50 percent by each of Vornado II and JPM JV II LLC, (iii) JPM JV II LLC is owned 30 percent by M-C/Gale JV II LLC, 70 percent by JPM II and managed by Gale/426, which has no ownership interest in JPM JV II LLC, and (iv) M-C/Gale JV II LLC is owned 99.99 percent by the Company and 0.01 percent by Gale/426. Thus, the Company holds approximately a 15 percent indirect ownership interest in each of Vornado JV LLC and Vornado JV II LLC and the Filenes Property.

Distributions are made (i) by Vornado JV LLC in proportion to its members' respective ownership interests, (ii) by JPM JV LLC (a) initially, in proportion to its members' respective ownership interests until JPM's investment yields an 11 percent IRR, (b) thereafter, 60/40 to JPM and M-C/Gale JV LLC, respectively, until JPM's investment yields a 15 percent IRR and (c) thereafter, 50/50 to JPM and M-C/Gale JV LLC, respectively, and (iii) by M-C/Gale JV LLC (w) initially, in proportion to its members' respective ownership interests until each member has received a 10 percent IRR on its investment, (x) thereafter, 65/35 to the Company and Gale/426, respectively, until the Company's investment yields a 15 percent IRR, (y) if by the time the Company receives a 15 percent IRR on its investment, Gale/426 has not done so, 100 percent to Gale/426 until Gale/426's investment yields a 15 percent IRR, and (z) thereafter, 50/50 to each of the Company and Gale/426.

Distributions are made (i) by Vornado JV II LLC in proportion to its members' respective ownership interests, (ii) by JPM JV II LLC (a) initially, in proportion to its members' respective ownership interests until JPM II's investment yields an 11 percent IRR, (b) thereafter, 60/40 to JPM II and M-C/Gale JV II LLC, respectively, until JPM II's investment yields a 15 percent IRR and (c) thereafter, 50/50 to JPM II and M-C/Gale JV II LLC, respectively, and (iii) by M-C/Gale JV II LLC (w) initially, in proportion to its members' respective ownership interests until each member has received a 10 percent IRR on its investment, (x) thereafter, 65/35 to the Company and Gale/426, respectively, until the Company's investment yields a 15 percent IRR, (y) if by the time the Company receives a 15 percent IRR on its investment, Gale/426 has not done so, 100 percent to Gale/426 until Gale/426's investment yields a 15 percent IRR, and (z) thereafter, 50/50 to each of the Company and Gale/426.

The joint venture's current plans for the development of the Filenes Property include approximately 1.5 million square feet consisting of office, retail, condominium apartments, hotel and a garage. The joint venture is currently pursuing project financing.

NKFGMS OWNERS, LLC

On December 28, 2006, the Company contributed its facilities management business, which was acquired on May 9, 2006 as part of the Gale/Green transactions, to a newly-formed joint venture called NKFGMS Owners, LLC. With the contribution, the Company received \$600,000 in cash and a 40 percent interest in the joint venture. In connection with the Contribution, the Company recognized a loss of approximately \$1.5 million. The joint venture operating agreement provided for, among other things, profits and losses generally to be allocated in proportion to each member's interest.

On September 21, 2007, the Company sold its 40 percent interest in NKFGMS to its joint venture partner for net proceeds of \$575,000, and recorded a gain of \$19,000 on the sale.

GALE JEFFERSON, L.L.C.

On August 22, 2007, the Company entered into a joint venture with a Gale Affiliate to form M-C Jefferson, L.L.C. ("M-C Jefferson"). M-C Jefferson was formed for the sole purpose of acquiring a Gale Affiliate's 33.33 percent membership interest in Gale Jefferson, L.L.C. ("Gale Jefferson"), an entity holding a 25 percent interest in One Jefferson Road LLC ("One Jefferson"), which is developing a 100,000 square foot office property located at 1 Jefferson Road, Parsippany, New Jersey (the "Jefferson Property").

The operating agreement of M-C Jefferson provides, among other things, for the Gale Participation Rights (of which Mark Yeager, an Executive Vice President of the Company, has a direct 26 percent interest). Gale Jefferson is owned 33.33 percent by M-C Jefferson and 66.67 percent by the Hampshire Generational Fund, L.L.C. ("Hampshire"). The operating agreements of Gale Jefferson provides, among other things, for the distribution of net cash flow, first, in accordance with its member's respective interests until each member is provided, as a result of such distributions, with an annual 12 percent compound return on the Member's Capital Contributions, as defined in the operating agreement and secondly, 50 percent to each of the Company and Hampshire.

One Jefferson is owned 25 percent by Gale Jefferson and 75 percent by One Jefferson Road Realty Member LLC, an affiliate of JPMorgan (“JPM”). The operating agreement of One Jefferson provides, among other things, for the distribution of net cash flow, first, in accordance with its members’ respective interests until each member is provided, as a result of such distributions, with an annual 12 percent compound return on the Member’s Capital Contributions, as defined in the operating agreement and secondly, 50 percent to JPM and Gale Jefferson. One Jefferson has a construction loan in an amount not to exceed \$21 million (with \$9.1 million drawn as of September 30, 2008), bearing interest at a rate of LIBOR plus 160 basis points and maturing on October 24, 2010 with a one-year extension option.

The Company performs management, leasing and other services for Gale Jefferson and recognized \$76,000 and \$16,500 in income (net of \$2.6 million and \$593,000 in direct costs) for such services for the three months ended September 30, 2008 and 2007, respectively, and \$250,000 and \$16,500 in income (net of \$8.3 million and \$593,000 in direct costs) for the nine months ended September 30, 2008 and 2007, respectively.

SUMMARIES OF UNCONSOLIDATED JOINT VENTURES

The following is a summary of the financial position of the unconsolidated joint ventures in which the Company had investment interests as of September 30, 2008 and December 31, 2007: (dollars in thousands)

	September 30, 2008										
	Plaza VIII & IX Associates	Ramland Realty	Harborside South Pier	Red Bank Corporate Plaza I & II	Mack-Princeton Green- Gale	Forrestal Village	Route 93 Portfolio	Gale Kimball	55 Corporate	12 Boston Vreeland	Filene
Assets:											
Rental property, net	\$10,326	\$6,962	\$62,595	\$23,388	\$361,832	\$42,728	\$56,945	\$9,704	\$17,000	\$14,704	-
Other assets	2,954	936	17,703	4,011	43,960	24,101	1,255	598	896	800	\$91,693
Total assets	\$13,280	\$7,898	\$80,298	\$27,399	\$405,792	\$66,829	\$58,200	\$10,302	\$17,896	\$15,504	\$91,693
Liabilities and Partners'/ members' capital (deficit):											
Mortgages, loans payable and other obligations	--	\$14,636	\$75,081	\$19,140	\$277,721	\$52,800	\$42,999	\$11,750	--	\$7,614	-
Other liabilities	\$ 530	877	4,987	76	22,051	6,690	951	15	--	--	\$16,770
Partners'/members' capital (deficit)	12,750	(7,615)	230	8,183	106,020	7,339	14,250	(1,463)	\$17,896	7,890	74,919
Total liabilities and partners'/ members' capital (deficit)	\$13,280	\$7,898	\$80,298	\$27,399	\$405,792	\$66,829	\$58,200	\$10,302	\$17,896	\$15,504	\$91,693
Company's investment in unconsolidated joint ventures, net \$	6,297	--	\$ 59	\$3,822	\$121,483	\$1,763	\$4,477	--	\$9,068	\$8,136	\$23,950

	December 31, 2007										
	Plaza VIII & IX Associates	Ramland Realty	Harborside South Pier	Red Bank Corporate Plaza I & II	Mack-Princeton Green- Gale	Forrestal Village	Route 93 Portfolio	Gale Kimball	55 Corporate	12 Boston Vreeland	Filene
Assets:											
Rental property, net	\$10,787	\$7,254	\$65,611	\$23,618	\$368,028	\$42,517	\$57,368	--	\$17,000	\$7,954	-
Other assets	2,250	763	17,995	2,818	52,741	25,679	3,323	\$9,622	--	851	\$81,650
Total assets	\$13,037	\$8,017	\$83,606	\$26,436	\$420,769	\$68,196	\$60,691	\$9,622	\$17,000	\$8,805	\$81,650
Liabilities and Partners'/											

members' capital (deficit):												
Mortgages, loans payable and other obligations	--	\$14,771	\$76,072	\$18,116	\$281,746	\$52,800	\$42,495	--	--	--	\$8,761	
Other liabilities	\$ 532	366	6,324	132	23,809	6,847	1,809	\$10,133	--	--	--	\$20,678
Partners'/members' capital (deficit)	12,505	(7,120)	1,210	8,188	115,214	8,549	16,387	(511)	\$17,000		44	60,973
Total liabilities and partners'/ members' capital (deficit)	\$13,037	\$8,017	\$83,606	\$26,436	\$420,769	\$68,196	\$60,691	\$9,622	\$17,000	\$8,805	\$81,651	
Company's investment in unconsolidated joint ventures, net	\$ 6,175	--	\$ 513	\$3,703	\$128,107	\$2,029	\$4,729	--	\$8,518	\$7,752	\$18,822	

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The following is a summary of the results of operations of the unconsolidated joint ventures for the period in which the Company had investment interests during the three months ended September 30, 2008 and 2007: (dollars in thousands)

	Three Months Ended September 30, 2008										
	Plaza VIII & IX Associates	Ramland Realty	Harborside South Pier	Red Bank Corporate Plaza I & II	Mack-Princeton Gale- Green	Forrestal Village	Route 93 Portfolio	Gale Kimball	55 Corporate	12 Boston Vreeland	Filen
Total revenues	\$307	\$395	\$11,232	\$793	\$12,457	\$2,719	\$773	\$409	--	\$597	\$
Operating and other expenses	(40)	(284)	(6,670)	(210)	(5,155)	(1,889)	(852)	(146)	--	(16)	
Depreciation and amortization	(153)	(118)	(991)	(148)	(5,075)	(929)	(497)	(86)	--	(128)	
Interest expense	--	(179)	(1,165)	(187)	(4,227)	(801)	(548)	(184)	--	(136)	
Net income	\$114	\$(186)	\$2,406	\$248	\$(2,000)	\$900	\$(1,124)	\$ (7)	--	\$317	\$
Company's equity in earnings (loss) of unconsolidated joint ventures	\$ 57	--	\$1,203	\$124	\$(1,326)	\$(187)	\$(337)	\$ 38	--	\$159	

	Three Months Ended September 30, 2007										
	Plaza VIII & IX Associates	Ramland Realty	Harborside South Pier	Red Bank Corporate Plaza I & II	Mack-Princeton Gale- Green	Forrestal Village	Route 93 Portfolio	Gale Kimball	55 Corporate	12 Boston Vreeland	Filen
Total revenues	\$257	\$478	\$10,640	\$180	\$17,065	\$3,905	\$722	\$1	--	\$440	\$141
Operating and other expenses	(49)	(402)	(6,441)	(3)	(7,983)	(1,899)	(948)	(93)	--	(17)	(7)
Depreciation and amortization	(154)	(176)	(1,496)	(50)	(6,581)	(790)	181	(146)	--	(88)	--
Interest expense	--	(267)	(1,194)	(50)	(6,870)	(1,248)	(904)	(382)	--	(110)	--
Net income	\$ 54	\$(367)	\$1,509	\$77	\$(4,369)	\$(32)	\$(949)	\$(620)	--	\$225	\$134
Company's equity in earnings (loss) of unconsolidated joint ventures	\$ 27	\$(200)	\$755	\$69	\$(2,012)	\$(14)	\$(285)	\$(52)	--	\$113	\$40

The following is a summary of the results of operations of the unconsolidated joint ventures for the period in which the Company had investment interests during the nine months ended September 30, 2008 and 2007: (dollars in thousands)

	Nine Months Ended September 30, 2008										
	Plaza VIII & IX Associates	Ramland Realty	Harborside South Pier	Red Bank Corporate Plaza I & II	Mack-Princeton Gale- Green	Forrestal Village	Route 93 Portfolio	Gale Kimball	55 Corporate	12 Vreeland	Boston- Filenes
Total revenues	\$ 843	\$1,339	\$32,579	\$2,396	\$37,285	\$8,862	\$2,100	\$1,214	--	\$1,589	\$ 51
Operating and other expenses	(137)	(881)	(19,115)	(596)	(15,427)	(4,881)	(2,551)	(388)	--	(58)	--
Depreciation and amortization	(461)	(363)	(3,919)	(445)	(14,529)	(2,683)	(1,288)	(253)	--	(383)	--
Interest expense	--	(590)	(3,525)	(602)	(13,162)	(2,604)	(1,899)	(518)	--	(380)	--
Net income	\$ 245	\$(495)	\$6,020	\$ 753	\$(5,833)	\$(1,306)	\$(3,638)	\$ 55	--	\$ 768	\$ 51
Company's equity in earnings (loss) of unconsolidated joint ventures	\$ 123	--	\$3,046	\$ 376	\$(3,938)	\$(267)	\$(701)	\$ 426	--	\$ 384	\$ 18

	Nine Months Ended September 30, 2007										
	Plaza VIII & IX Associates	Ramland Realty	Harborside South Pier	Red Bank Corporate Plaza I & II	Mack-Princeton Gale- Green	Forrestal Village	Route 93 Portfolio	Gale Kimball	55 Corporate	12 Vreeland	Boston- Filenes
Total revenues	\$ 731	\$1,523	\$30,944	\$ 242	\$50,757	\$9,157	\$1,785	\$ 3	--	\$1,488	\$ 672
Operating and other expenses	(132)	(1,166)	(18,947)	(5)	(23,141)	(4,889)	(2,812)	(133)	--	(50)	(668)
Depreciation and amortization	(462)	(526)	(4,462)	(49)	(20,745)	(2,327)	(1,846)	(329)	--	(264)	--
Interest expense	--	(796)	(3,596)	(50)	(20,299)	(3,579)	(2,547)	(796)	--	(454)	--
Net income	\$ 137	\$(965)	\$3,939	\$ 138	\$(13,428)	\$(1,638)	\$(5,420)	\$(1,255)	--	\$ 720	\$ 4
Company's equity in earnings (loss) of	\$ 69	\$(375)	\$1,863	\$ 69	\$(5,351)	\$(416)	\$(1,655)	\$(104)	--	\$ 360	\$ 1

unconsolidated
joint ventures

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4. DEFERRED CHARGES AND OTHER ASSETS

(dollars in thousands)	September 30, 2008	December 31, 2007
Deferred leasing costs	\$212,000	\$202,282
Deferred financing costs	22,850	22,922
	234,850	225,204
Accumulated amortization	(98,311)	(90,482)
Deferred charges, net	136,539	134,722
Notes receivable	11,485	11,610
In-place lease values, related intangible and other assets, net	43,542	64,212
Prepaid expenses and other assets, net	34,505	35,842
Total deferred charges and other assets, net	\$226,071	\$246,386

5. DISCONTINUED OPERATIONS

There were no discontinued operations during the three and nine months ended September 30, 2008.

As the Company sold 1000 Bridgeport in Shelton, Connecticut; 500 West Putnam in Greenwich, Connecticut; and 100 & 200 Decadon in Egg Harbor, New Jersey during the year ended December 31, 2007, the Company has presented these assets as discontinued operations in its statements of operations for the periods presented.

The following tables summarize income from discontinued operations (net of minority interest) for the three and nine month periods ended September 30, 2007: (dollars in thousands)

	Three Months Ended September 30, 2007	Nine Months Ended September 30, 2007
Total revenues	\$ 61\$ 3,881	
Operating and other expenses (61)	(1,638)	
Depreciation and amortization	--(424)	
Interest expense (net of interest income)	24(522)	
Minority interest	(4)(240)	
Income from discontinued operations (net of minority interest)	\$ 20\$ 1,057	

	Three Months Ended September 30, 2007	Nine Months Ended September 30, 2007
Realized gains on disposition of rental property	\$ 5,554	\$44,414
Minority interest (1,021)	(1,021)	(8,134)
Realized gains (losses) and unrealized losses on disposition of rental property (net of minority interest)	\$ 4,533	\$36,280

6. SENIOR UNSECURED NOTES

A summary of the Company's senior unsecured notes as of September 30, 2008 and December 31, 2007 is as follows (dollars in thousands):

	September 30, 2008	December 31, 2007	Effective Rate (1)	
7.250% Senior Unsecured Notes, due March 15, 2009		\$ 299,892	\$ 299,716	7.486%
5.050% Senior Unsecured Notes, due April 15, 2010	149,915	149,874		5.265%
7.835% Senior Unsecured Notes, due December 15, 2010	15,000	15,000		7.950%
7.750% Senior Unsecured Notes, due February 15, 2011	299,598	299,468		7.930%
5.250% Senior Unsecured Notes, due January 15, 2012	99,355	99,210		5.457%
6.150% Senior Unsecured Notes, due December 15, 2012	92,841	92,472		6.894%
5.820% Senior Unsecured Notes, due March 15, 2013	25,613	25,530		6.448%
4.600% Senior Unsecured Notes, due June 15, 2013	99,865	99,844		4.742%
5.125% Senior Unsecured Notes, due February 15, 2014	201,289	201,468		5.110%
5.125% Senior Unsecured Notes, due January 15, 2015	149,418	149,349		5.297%
5.800% Senior Unsecured Notes, due January 15, 2016	200,559	200,616		5.806%
Total Senior Unsecured Notes	\$1,633,345	\$1,632,547		

(1) Includes the cost of terminated treasury lock agreements (if any), offering and other transaction costs and the discount on the notes, as applicable.

7. UNSECURED REVOLVING CREDIT FACILITY

On June 22, 2007, the Company extended and modified its unsecured credit facility with a group of 23 Lenders. Amongst other modifications, the facility was extended for an additional two years and matures in June 2011, with an extension option of one year, which would require a payment of 15 basis points of the then borrowing capacity of the facility upon exercise. In addition, the interest rate on outstanding borrowings (not electing the Company's competitive bid feature) was reduced by 10 basis points to LIBOR plus 55 basis points at the BBB/Baa2 pricing level. On September 21, 2007, the Company exercised an option to expand the borrowing capacity under its unsecured credit facility from \$600 million to \$775 million (further expandable to \$800 million).

The facility has a competitive bid feature, which allows the Company to solicit bids from lenders under the facility to borrow up to \$300 million at interest rates less than the current LIBOR plus 55 basis point spread. The Company may also elect an interest rate representing the higher of the lender's prime rate or the Federal Funds rate plus 50 basis

points. The unsecured facility also requires a 15 basis point facility fee on the current borrowing capacity payable quarterly in arrears.

The interest rate and the facility fee are subject to adjustment, on a sliding scale, based upon the Operating Partnership's unsecured debt ratings. In the event of a change in the Operating Partnership's unsecured debt rating, the interest and facility fee rates will be adjusted in accordance with the following table:

Operating Partnership's Unsecured Debt Ratings: S&P Moody's/Fitch (a)	Interest Rate – Applicable Basis Points Above LIBOR	Facility Fee Basis Points
No ratings or less than BBB-/Baa3/BBB-	100.0	25.0
BBB-/Baa3/BBB-	75.0	20.0
BBB/Baa2/BBB (current)	55.0	15.0
BBB+/Baa1/BBB+	42.5	15.0
A-/A3/A- or higher	37.5	12.5

(a) If the Operating Partnership has debt ratings from two rating agencies, one of which is Standard & Poor's Rating Services ("S&P") or Moody's Investors Service ("Moody's"), the rates per the above table shall be based on the lower of such ratings. If the Operating Partnership has debt ratings from three rating agencies, one of which is S&P or Moody's, the rates per the above table shall be based on the lower of the two highest ratings. If the Operating Partnership has debt ratings from only one agency, it will be considered to have no rating or less than BBB-/Baa3/BBB- per the above table.

The terms of the unsecured facility include certain restrictions and covenants which limit, among other things, the payment of dividends (as discussed below), the incurrence of additional indebtedness, the incurrence of liens and the disposition of real estate properties (to the extent that: (i) such property dispositions cause the Company to default on any of the financial ratios of the facility described below, or (ii) the property dispositions are completed while the Company is under an event of default under the facility, unless, under certain circumstances, such disposition is being carried out to cure such default), and which require compliance with financial ratios relating to the maximum leverage ratio, the maximum amount of secured indebtedness, the minimum amount of tangible net worth, the minimum amount of fixed charge coverage, the maximum amount of unsecured indebtedness, the minimum amount of unencumbered property interest coverage and certain investment limitations. The dividend restriction referred to above provides that, if an event of default has occurred and is continuing, the Company will not make any excess distributions with respect to common stock or other common equity interests except to enable the Company to continue to qualify as a REIT under the Code.

The lending group for the credit facility consists of: JPMorgan Chase Bank, N.A., as administrative agent (the “Agent”); Bank of America, N.A., as syndication agent; Scotiabanc, Inc., Wachovia Bank, National Association; and Wells Fargo Bank, National Association, as documentation agents; SunTrust Bank, as senior managing agent; US Bank National Association, Citicorp North America, Inc.; and PNC Bank National Association, as managing agents; and Bank of China, New York Branch; The Bank of New York; Chevy Chase Bank, F.S.B.; The Royal Bank of Scotland PLC; Mizuho Corporate Bank, Ltd.; The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Successor by merger to UFJ Bank Limited); North Fork Bank; Bank Hapoalim B.M.; Comerica Bank; Chang Hwa Commercial Bank, Ltd., New York Branch; First Commercial Bank, New York Agency; Mega International Commercial Bank Co. Ltd., New York Branch; Deutsche Bank Trust Company Americas and Hua Nan Commercial Bank, New York Agency, as participants.

As of September 30, 2008 and December 31, 2007, the Company had outstanding borrowings of \$293 million and \$250 million, respectively, under its unsecured revolving credit facility.

MONEY MARKET LOAN

The Company has an agreement with JPMorgan Chase Bank to participate in a money market loan program (“Money Market Loan”). The Money Market Loan is an unsecured borrowing of up to \$75 million arranged by JPMorgan Chase Bank with maturities of 30 days or less. The rate of interest on the Money Market Loan borrowing is set at the time of each borrowing. As of September 30, 2008 and December 31, 2007, the Company had no outstanding borrowings under the Money Market Loan.

8. MORTGAGES, LOANS PAYABLE AND OTHER OBLIGATIONS

The Company has mortgages, loans payable and other obligations which primarily consist of various loans collateralized by certain of the Company’s rental properties. As of September 30, 2008, 16 of the Company’s properties with a total book value of approximately \$498 million are encumbered by the Company’s mortgages and loans payable. Payments on mortgages, loans payable and other obligations are generally due in monthly installments of principal and interest, or interest only.

On October 28, 2008, the Company obtained \$240 million in mortgage financing from The Northwestern Mutual Life Insurance Company and New York Life Insurance Company as co-lenders. The mortgage loan, which is collateralized by its Harborside Plaza 5 office property, bears interest at a rate of 6.8 percent per annum and carries a 10-year term. Proceeds from the loan were used to pay down outstanding borrowings under the Company’s unsecured revolving credit facility.

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A summary of the Company's mortgages, loans payable and other obligations as of September 30, 2008 and December 31, 2007 is as follows (dollars in thousands):

Property Name	Lender	Effective Interest Rate (a)	Principal Balance at September 30, 2008	Principal Balance at December 31, 2007	Maturity
6404 Ivy Lane	TIAA	5.58%	--	\$ 13,029	(b)
Assumed obligations	Various	4.96%	\$ 17,692	27,657	05/01/09
				(c)	
Various (d)	Prudential Insurance	4.84%	150,000	150,000	01/15/10
105 Challenger Road	Archon Financial CMBS	6.24%	19,134	18,968	06/06/10
2200 Renaissance Boulevard	Wachovia CMBS	5.89%	17,145	17,442	12/01/12
Soundview Plaza	Morgan Stanley Mortgage Capital	6.02%	17,228	17,575	01/01/13
9200 Edmonston Road	Principal Commercial Funding L.L.C.	5.53%	4,991	5,096	05/01/13
6305 Ivy Lane	John Hancock Life Insurance Co.	5.53%	6,951	7,098	01/01/14
395 West Passaic	State Farm Life Insurance Co.	6.00%	12,283	12,596	05/01/14
6301 Ivy Lane	John Hancock Life Insurance Co.	5.52%	6,525	6,655	07/01/14
35 Waterview Boulevard	Wachovia CMBS	6.35%	19,930	20,104	08/11/14
23 Main Street	JPMorgan CMBS	5.59%	32,637	32,968	09/01/18
Total mortgages, loans payable and other obligations			\$304,516	\$329,188	

(a) Reflects effective rate of debt, including deferred financing costs, comprised of the cost of terminated treasury lock agreements (if any), debt initiation costs and other transaction costs, as applicable.

(b) On May 5, 2008, the Company repaid this mortgage loan at par, using available cash.

(c) The obligations mature at various times through May 2009.

(d) Mortgage is collateralized by seven properties.

CASH PAID FOR INTEREST AND INTEREST CAPITALIZED

Cash paid for interest for the nine months ended September 30, 2008 and 2007 was \$112,468,000 and \$110,807,000, respectively. Interest capitalized by the Company for the nine months ended September 30, 2008 and 2007 was \$4,709,000 and \$3,718,000, respectively.

SUMMARY OF INDEBTEDNESS

As of September 30, 2008, the Company's total indebtedness of \$2,230,861,000 (weighted average interest rate of 5.78 percent) was comprised of \$293,000,000 of revolving credit facility borrowings (weighted average rate of 3.22 percent) and fixed rate debt and other obligations of \$1,937,861,000 (weighted average rate of 6.16 percent).

As of December 31, 2007, the Company's total indebtedness of \$2,211,735,000 (weighted average interest rate of 6.08 percent) was comprised of \$250,000,000 of revolving credit facility borrowings (weighted average rate of 5.55 percent) and fixed rate debt of \$1,961,735,000 (weighted average rate of 6.15 percent).

9. MINORITY INTERESTS

OPERATING PARTNERSHIP

Minority interests in the accompanying consolidated financial statements relate to (i) preferred units (“Preferred Units”) and common units in the Operating Partnership, held by parties other than the Company, and (ii) interests in consolidated joint ventures for the portion of such properties not owned by the Company.

Preferred Units

In connection with the Company’s issuance of \$25 million of Series C cumulative redeemable perpetual preferred stock, the Company acquired from the Operating Partnership \$25 million of Series C Preferred Units (the “Series C Preferred Units”), which have terms essentially identical to the Series C preferred stock. See Note 13: Stockholders’ Equity – Preferred Stock.

Common Units

Certain individuals and entities own common units in the Operating Partnership. A common unit and a share of common stock of the Company have substantially the same economic characteristics in as much as they effectively share equally in the net income or loss of the Operating Partnership. Common units are redeemable by the common unitholders at their option, subject to certain restrictions, on the basis of one common unit for either one share of common stock or cash equal to the fair market value of a share at the time of the redemption. The Company has the option to deliver shares of common stock in exchange for all or any portion of the cash requested. The common unitholders may not put the units for cash to the Company or the Operating Partnership. When a unitholder redeems a common unit, minority interest in the Operating Partnership is reduced and the Company's investment in the Operating Partnership is increased.

Unit Transactions

The following table sets forth the changes in minority interest which relate to the common units in the Operating Partnership for the nine months ended September 30, 2008 (dollars in thousands):

	Common Units	Common Unitholders
Balance at January 1, 2008	14,985,538	456,436
Net income	--	12,751
Distributions	--	(28,651)
Redemption of common units for shares of Common Stock	(129,399)	(3,884)
Balance at September 30, 2008	14,856,139	436,652

Minority Interest Ownership

As of September 30, 2008 and December 31, 2007, the minority interest common unitholders owned 18.4 and 18.5 percent of the Operating Partnership, respectively.

Consolidated Joint Ventures

The Company has ownership interests in certain joint ventures which it consolidates. Various entities and/or individuals hold minority interests in these ventures.

10. EMPLOYEE BENEFIT 401(k) PLANS

Employees of the Company, other than those assigned to the Gale Company and affiliated employers, who have attained age 21 and completed one-half year of service with the Company are eligible to participate in the Mack-Cali Realty Corporation 401(k) Savings/Retirement Plan (the "401(k) Plan"). Eligible employees may elect to defer from 1 percent up to 30 percent of their annual compensation on a pre-tax basis to the 401(k) Plan, subject to certain limitations imposed by federal law. The amounts contributed by employees are immediately vested and non-forfeitable. The Company may make discretionary matching or profit sharing contributions to the 401(k) Plan on behalf of eligible participants in any plan year. Participants are always 100 percent vested in their pre-tax contributions and will begin vesting in any matching or profit sharing contributions made on their behalf after two years of service with the Company at a rate of 20 percent per year, becoming 100 percent vested after a total of six years of service with the Company. The assets of the 401(k) Plan are held in trust and a separate account is established for each participant. A participant may receive a distribution of his or her vested account balance in the 401(k) Plan in a single sum or installment payment or in the form of an annuity upon his or her termination of service with the

Company. Total expense recognized by the Company for the 401(k) Plan for the three months ended September 30, 2008 and 2007 was \$171,180 and \$100,000, respectively, and for the nine months ended September 30, 2008 and 2007 was \$371,180 and \$300,000, respectively.

All employees of the Gale Company and other affiliated participating employers, other than certain employees who are represented for collective bargaining purposes by a labor organization, who attained age 20 1/2 and completed one-half year of service with a participating employer were eligible to participate in the Gale Company Employee Savings Plan (the "Gale Plan"). The Gale Plan permitted eligible employees to defer their annual compensation on a pre-tax basis, subject to certain limitations imposed by federal law. The amounts contributed by employees were immediately vested and non-forfeitable. The Gale Company or the participant's employer were able to match the employee's deferral at the rate of 50 percent of the first six percent of the employee's annual compensation for employees who have at least 1,000 hours of service and are employed on the last day of the plan year. In addition, the Company, at management's discretion, was able to make discretionary contributions. Participants become 50 percent vested in employer contributions after two years of service and become 100 percent vested after three years. The assets of the Gale Plan were held in trust and a separate account was established for each participant. A participant may receive a distribution of his or her vested account balance in the Gale Plan in a single sum or installment payment or in the form of an annuity upon his or her termination of service with the Company. Effective April 1, 2007, the Gale Plan was merged into the 401(k) Plan. In accordance with the Gale/Green transactions, the Company continued to make matching contributions to former Gale Plan participants under the Gale Plan matching contribution formula through the payroll period ending May 4, 2007. Moreover, federal law requires the Company to preserve (i) the Gale Plan vesting schedule for certain Gale Plan participants with three or more years of service as of May 4, 2007 and (ii) certain benefits previously offered under the Gale Plan. Total expense recognized by the Company for the Gale Plan for the three and nine months ended September 30, 2007 was \$146,000 and \$242,000, respectively.

11. COMMITMENTS AND CONTINGENCIES

TAX ABATEMENT AGREEMENTS

Pursuant to agreements with the City of Jersey City, New Jersey, the Company is required to make payments in lieu of property taxes (“PILOT”) on certain of its properties located in Jersey City, as follows:

The Harborside Plaza 5 agreement, as amended, which commenced in 2002 upon substantial completion of the property, as defined, is for a term of 20 years. The PILOT is equal to two percent of Total Project Costs. Total Project Costs, as defined, are \$159.6 million. The PILOT totaled \$798,000 and \$798,000 for the three months ended September 30, 2008 and 2007, respectively, and \$2.4 million and \$2.4 million for the nine months ended September 30, 2008 and 2007, respectively.

The Harborside Plaza 4-A agreement, which commenced in 2000, is for a term of 20 years. The PILOT is equal to two percent of Total Project costs, as defined, and increases by 10 percent in years 7, 10 and 13 and by 50 percent in year 16. Total Project costs, as defined, are \$45.5 million. The PILOT totaled \$250,000 and \$250,000 for the three months ended September 30, 2008 and 2007, respectively, and \$751,000 and \$751,000 for the nine months ended September 30, 2008 and 2007, respectively.

Total Project Costs for Harborside Plaza 5 and Harborside Plaza 4-A are currently being reviewed by the City of Jersey City. The Company believes that the ultimate resolution of such reviews will not have a material adverse effect on the Company’s financial condition.

At the conclusion of the above-referenced PILOT agreements, it is expected that the properties will be assessed by the municipality and be subject to real estate taxes at the then prevailing rates.

LITIGATION

The Company is a defendant in litigation arising in the normal course of its business activities. Management does not believe that the ultimate resolution of these matters will have a materially adverse effect upon the Company’s financial condition taken as whole.

GROUND LEASE AGREEMENTS

Future minimum rental payments under the terms of all non-cancelable ground leases under which the Company is the lessee, as of September 30, 2008, are as follows (dollars in thousands):

Year	Amount
2008	\$ 127
2009	517
2010	501
2011	501
2012	501
2013 through 2084	34,953
Total	\$37,100

Ground lease expense incurred by the Company during the three months ended September 30, 2008 and 2007 amounted to \$175,000 and \$166,000, respectively, and was \$525,000 and \$497,000 for the nine months ended September 30, 2008 and 2007, respectively.

OTHER

The Company may not dispose of or distribute certain of its properties, currently comprising 11 properties with an aggregate net book value of approximately \$204.3 million, which were originally contributed by certain unrelated common unitholders, without the express written consent of such common unitholders, as applicable, except in a manner which does not result in recognition of any built-in-gain (which may result in an income tax liability) or which reimburses the appropriate specific common unitholders for the tax consequences of the recognition of such built-in-gains (collectively, the "Property Lock-Ups"). The aforementioned restrictions do not apply in the event that the Company sells all of its properties or in connection with a sale transaction which the Company's Board of Directors determines is reasonably necessary to satisfy a material monetary default on any unsecured debt, judgment or liability of the Company or to cure any material monetary default on any mortgage secured by a property. The Property Lock-Ups expire periodically through 2016. Upon the expiration of the Property Lock-Ups, the Company is generally required to use commercially reasonable efforts to prevent any sale, transfer or other disposition of the subject properties from resulting in the recognition of built-in gain to the specific common unitholders, which include members of the Mack Group (which includes William L. Mack, Chairman of the Company's Board of Directors; David S. Mack, director; Earle I. Mack, a former director; and Mitchell E. Hersh, president, chief executive officer and director), the Robert Martin Group (which includes Robert F. Weinberg, director; Martin S. Berger, a former director; and Timothy M. Jones, former president), the Cali Group (which includes John R. Cali, director, and John J. Cali, a former director). 126 of the Company's properties, with an aggregate net book value of approximately \$1.9 billion, have lapsed restrictions and are subject to these conditions.

12. TENANT LEASES

The Properties are leased to tenants under operating leases with various expiration dates through 2026. Substantially all of the leases provide for annual base rents plus recoveries and escalation charges based upon the tenant's proportionate share of and/or increases in real estate taxes and certain operating costs, as defined, and the pass-through of charges for electrical usage.

Future minimum rentals to be received under non-cancelable operating leases at September 30, 2008 are as follows (dollars in thousands):

Year	Amount
2008	\$ 144,282
2009	575,932
2010	522,496
2011	458,480
2012	392,428
2013 and thereafter	1,336,653
Total	\$3,430,271

13. STOCKHOLDERS' EQUITY

To maintain its qualification as a REIT, not more than 50 percent in value of the outstanding shares of the Company may be owned, directly or indirectly, by five or fewer individuals at any time during the last half of any taxable year of the Company, other than its initial taxable year (defined to include certain entities), applying certain constructive ownership rules. To help ensure that the Company will not fail this test, the Company's Articles of Incorporation provide for, among other things, certain restrictions on the transfer of common stock to prevent further concentration of stock ownership. Moreover, to evidence compliance with these requirements, the Company must maintain records that disclose the actual ownership of its outstanding common stock and demands written statements each year from the holders of record of designated percentages of its common stock requesting the disclosure of the beneficial owners of such common stock.

PREFERRED STOCK

The Company has 10,000 shares of eight-percent Series C cumulative redeemable perpetual preferred stock issued and outstanding ("Series C Preferred Stock") in the form of 1,000,000 depository shares (\$25 stated value per depository share). Each depository share represents 1/100th of a share of Series C Preferred Stock.

The Series C Preferred Stock has preference rights with respect to liquidation and distributions over the common stock. Holders of the Series C Preferred Stock, except under certain limited conditions, will not be entitled to vote on any matters. In the event of a cumulative arrearage equal to six quarterly dividends, holders of the Series C Preferred Stock will have the right to elect two additional members to serve on the Company's Board of Directors until dividends have been paid in full. At September 30, 2008, there were no dividends in arrears. The Company may issue unlimited additional preferred stock ranking on a parity with the Series C Preferred Stock but may not issue any preferred stock senior to the Series C Preferred Stock without the consent of two-thirds of its holders. The Series C Preferred Stock is essentially on an equivalent basis in priority with the Preferred Units.

The Series C Preferred Stock is redeemable at the option of the Company, in whole or in part, at \$25 per depository share, plus accrued and unpaid dividends.

SHARE REPURCHASE PROGRAM

On September 12, 2007, the Board of Directors authorized an increase to the Company's repurchase program under which the Company was permitted to purchase up to \$150 million of the Company's outstanding common stock ("Repurchase Program"). The Company has purchased and retired 2,893,630 shares of its outstanding common stock for an aggregate cost of approximately \$104 million through September 30, 2008 under the Repurchase Program. The Company has a remaining authorization to repurchase up to an additional \$46 million of its outstanding common

stock, which it may repurchase from time to time in open market transactions at prevailing prices or through privately negotiated transactions.

STOCK OPTION PLANS

In May 2004, the Company established the 2004 Incentive Stock Plan under which a total of 2,500,000 shares have been reserved for issuance. No options have been granted through September 30, 2008 under this plan. In September 2000, the Company established the 2000 Employee Stock Option Plan (“2000 Employee Plan”) and the Amended and Restated 2000 Director Stock Option Plan (“2000 Director Plan”). In May 2002, shareholders of the Company approved amendments to both plans to increase the total shares reserved for issuance under both of the 2000 plans from 2,700,000 to 4,350,000 shares of the Company’s common stock (from 2,500,000 to 4,000,000 shares under the 2000 Employee Plan and from 200,000 to 350,000 shares under the 2000 Director Plan). In 1994, and as subsequently amended, the Company established the Mack-Cali Employee Stock Option Plan (“Employee Plan”) and the Mack-Cali Director Stock Option Plan (“Director Plan”) under which a total of 5,380,188 shares (subject to adjustment) of the Company’s common stock had been reserved for issuance (4,980,188 shares under the Employee Plan and 400,000 shares under the Director Plan). As the Employee Plan and Director Plan expired in 2004, stock options may no longer be issued under those plans. Stock options granted under the Employee Plan in 1994 and 1995 became exercisable over a three-year period. Stock options granted under the 2000 Employee Plan and those options granted subsequent to 1995 under the Employee Plan become exercisable over a five-year period. All stock options granted under both the 2000 Director Plan and Director Plan become exercisable in one year. All options were granted at the fair market value at the dates of grant and have terms of ten years. As of September 30, 2008 and December 31, 2007, the stock options outstanding had a weighted average remaining contractual life of approximately 3.5 and 4.1 years, respectively. Stock options exercisable at September 30, 2008 and December 31, 2007 had a weighted average remaining contractual life of approximately 3.5 and 4.0 years, respectively.

Information regarding the Company's stock option plans for the nine months ended September 30, 2008 is summarized below:

	Shares Under	Weighted Average Exercise Price	Aggregate Intrinsic Value \$(000's)
Outstanding at January 1, 2008	497,731	\$29.03	
Exercised	(81,675)	\$28.30	
Lapsed or canceled	(19,795)	\$37.31	
Outstanding at September 30, 2008 (\$24.63 – \$45.47)	396,261	\$28.77	\$2,021
Options exercisable at September 30, 2008	396,261	\$28.77	\$2,021
Available for grant at September 30, 2008	4,537,574		

Cash received from options exercised under all stock option plans was \$1.2 million and \$0.1 million for the three months ended September 30, 2008 and 2007, respectively, and \$2.3 million and \$3.7 million for the nine months ended September 30, 2008 and 2007, respectively. The total intrinsic value of options exercised during the three months ended September 30, 2008 and 2007 was \$517,000 and \$12,000, respectively, and \$832,000 and \$3.2 million for the nine months ended September 30, 2008 and 2007, respectively. The Company has a policy of issuing new shares to satisfy stock option exercises. The Company recognized stock options expense of \$0 and \$33,000 for the three months ended September 30, 2008 and 2007, respectively, and \$0 and \$99,000 for the nine months ended September 30, 2008 and 2007, respectively.

STOCK COMPENSATION

The Company has issued stock awards ("Restricted Stock Awards") to officers, certain other employees, and nonemployee members of the Board of Directors of the Company, which allow the holders to each receive a certain amount of shares of the Company's common stock generally over a one to seven-year vesting period, of which 346,786 unvested shares were outstanding at September 30, 2008. Of the outstanding Restricted Stock Awards issued to executive officers and senior management, 232,586 are contingent upon the Company meeting certain performance goals to be set by the Committee each year, with the remaining based on time and service. All Restricted Stock Awards provided to the officers and certain other employees were issued under the 2000 Employee Plan and the Employee Plan. Restricted Stock Awards provided to directors were issued under the 2000 Director Plan.

DEFERRED STOCK COMPENSATION PLAN FOR DIRECTORS

The Deferred Compensation Plan for Directors, which commenced January 1, 1999, allows non-employee directors of the Company to elect to defer up to 100 percent of their annual retainer fee into deferred stock units. The deferred stock units are convertible into an equal number of shares of common stock upon the directors' termination of service from the Board of Directors or a change in control of the Company, as defined in the plan. Deferred stock units are credited to each director quarterly using the closing price of the Company's common stock on the applicable dividend record date for the respective quarter. Each participating director's account is also credited for an equivalent amount of deferred stock units based on the dividend rate for each quarter.

The following information presents the Company's results for the nine months ended September 30, 2008 and 2007 in accordance with FASB No. 128: (dollars in thousands)

	Nine Months Ended September 30,	
	2008	2007
Computation of Basic EPS		
Income from continuing operations	\$ 57,362	\$ 56,780
Deduct: Preferred stock dividends	(1,500)	(1,500)
Income from continuing operations available to common shareholders	55,862	55,280
Income from discontinued operations	--	37,337
Net income available to common shareholders	\$ 55,862	\$ 92,617
Weighted average common shares	65,438	67,068
Basic EPS:		
Income from continuing operations	\$ 0.85	\$ 0.82
Income from discontinued operations	--	0.56
Net income available to common shareholders	\$ 0.85	\$ 1.38

	Nine Months Ended September 30,	
	2008	2007
Computation of Diluted EPS		
Income from continuing operations available to common shareholders	\$ 55,862	\$ 55,280
Add: Income from continuing operations attributable to Operating Partnership – common units	12,751	12,564
Income from continuing operations for diluted earnings per share	68,613	67,844
Income from discontinued operations for diluted earnings per share	--	45,711
Net income available to common shareholders	\$ 68,613	\$ 113,555
Weighted average common shares	80,573	82,515
Diluted EPS:		
Income from continuing operations	\$ 0.85	\$ 0.82
Income from discontinued operations	--	0.55
Net income available to common shareholders	\$ 0.85	\$ 1.37

The following schedule reconciles the shares used in the basic EPS calculation to the shares used in the diluted EPS calculation:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Basic EPS shares	65,519	67,688	65,438	67,068
Add: Operating Partnership – common units	14,895	15,248	14,945	15,242
Stock options	203	152	190	205
Diluted EPS Shares	80,617	83,088	80,573	82,515

Unvested shares of restricted stock outstanding as of September 30, 2008 and 2007 were 346,786 and 153,211, respectively.

14. SEGMENT REPORTING

The Company operates in two business segments: (i) real estate and (ii) construction services. The Company provides leasing, property and facilities management, acquisition, development, construction and tenant-related services for its portfolio. In May 2006, in conjunction with the Company's acquisition of the Gale Company and related businesses, the Company acquired a business specializing solely in construction and related services whose operations comprise the Company's construction services segment. The Company had no revenues from foreign countries recorded for the three and nine months ended September 30, 2008 and 2007. The Company had no long lived assets in foreign locations as of September 30, 2008 and December 31, 2007. The accounting policies of the segments are the same as those described in Note 2: Significant Accounting Policies, excluding depreciation and amortization.

The Company evaluates performance based upon net operating income from the combined properties in the real estate segment and net operating income from its construction services segment.

Selected results of operations for the three and nine month periods ended September 30, 2008 and 2007 and selected asset information as of September 30, 2008 and December 31, 2007 regarding the Company's operating segments are as follows (dollars in thousands):

	Real Estate	Construction Services	Corporate & Other (d)	Total Company
Total revenues:				
Three months ended:				
September 30, 2008	\$ 192,963	\$ 13,222	\$ (1,822)	\$ 204,363
September 30, 2007	189,635	23,810	(564)	212,881
Nine months ended:				
September 30, 2008	\$ 553,276	\$ 40,196	\$ (1,603)	\$ 591,869
September 30, 2007	535,939	77,784	(7,055)	606,668
Total operating and interest expenses(a):				
Three months ended:				
September 30, 2008	\$ 67,610	\$ 12,414	\$ 46,773	\$ 126,797(e)
September 30, 2007	70,209	23,255	45,066	138,530(f)
Nine months ended:				
September 30, 2008	\$ 211,950	\$ 39,714	\$ 125,766	\$ 377,430(g)
September 30, 2007	201,187	76,194	119,885	397,266(h)
Equity in earnings (loss) of unconsolidated joint ventures:				
Three months ended:				
September 30, 2008	\$ 282	--	\$ (551)	\$ (269)
September 30, 2007	(1,559)	--	--	-(1,559)
Nine months ended:				
September 30, 2008	\$ (533)	--	--	\$ (533)
September 30, 2007	(5,486)	--	--	(5,486)
Net operating income (b):				
Three months ended:				
September 30, 2008	\$ 125,635	\$ 808	\$ (49,146)	\$ 77,297(e)
September 30, 2007	117,867	555	(45,630)	72,792(f)
Nine months ended:				
September 30, 2008	\$ 340,793	\$ 482	\$(127,369)	\$ 213,906(g)
September 30, 2007	329,266	1,590	(126,940)	203,916(h)
Total assets:				
September 30, 2008	\$4,563,257	\$ 21,549	\$ (91,916)	\$4,492,890
December 31, 2007	4,633,500	35,019	(75,317)	4,593,202
Total long-lived assets (c):				
September 30, 2008	\$4,245,446	--	\$ (17,926)	\$4,227,520
December 31, 2007	4,268,260	--	(1,017)	4,267,243

- (a) Total operating and interest expenses represent the sum of: real estate taxes; utilities; operating services; direct construction costs; real estate services salaries, wages and other costs; general and administrative and interest expense (net of interest income). All interest expense, net of interest income, (including for property-level mortgages) is excluded from segment amounts and classified in Corporate & Other for all periods.
- (b) Net operating income represents total revenues less total operating and interest expenses [as defined in Note (a)], plus equity in earnings (loss) of unconsolidated joint ventures, for the period.
- (c) Long-lived assets are comprised of net investment in rental property, unbilled rents receivable and investments in unconsolidated joint ventures.
- (d) Corporate & Other represents all corporate-level items (including interest and other investment income, interest expense and non-property general and administrative expense) as well as intercompany eliminations necessary to reconcile to consolidated Company totals.
- (e) Excludes \$49,242 of depreciation and amortization.
- (f) Excludes \$49,790 of depreciation and amortization.
- (g) Excludes \$144,550 of depreciation and amortization.
- (h) Excludes \$135,064 of depreciation and amortization.

15. IMPACT OF RECENTLY-ISSUED ACCOUNTING STANDARDS

Fair Value Measurements - SFAS 157 & The Fair Value Option for Financial Assets and Financial Liabilities - SFAS 159

Effective January 1, 2008, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 157, "Fair Value Measurements" (SFAS 157) and SFAS No. 159 "The Fair Value Option for Financial Assets and Financial Liabilities" (SFAS 159). SFAS 157 defines fair value, establishes a framework for measuring fair value under accounting principles generally accepted in the United States (GAAP) and enhances disclosures about fair value measurements. Fair value is defined under SFAS 157 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS 159 allows an entity the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on a contract-by-contract basis. The impact of adopting both SFAS 157 and SFAS 159 was immaterial to the Company.

In February 2008, the FASB deferred the effective date of SFAS 157 for one-year for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value on a nonrecurring basis. SFAS 157 is now effective for those assets and liabilities for years beginning after November 15, 2008

FASB Statement No. 141(R) – (revised 2007), ("FASB No. 141(R)"), Business Combinations

In December 2007, the FASB issued FASB No. 141(R) which establishes principles and requirements for how the acquirer shall recognize and measure in its financial statements the identifiable assets acquired, liabilities assumed, any noncontrolling interest in the acquiree and goodwill acquired in a business combination. This statement is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company is currently assessing the potential impact that the adoption of FASB No. 141(R) will have on its financial position and results of operations.

FASB Statement No. 160 ("FASB No. 160"), Noncontrolling Interests in Consolidated Financial Statements — an Amendment of ARB No. 51

In December 2007, the FASB issued No. 160, which establishes and expands accounting and reporting standards for minority interests, which will be recharacterized as noncontrolling interests, in a subsidiary and the deconsolidation of a subsidiary. FASB 160 is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. This statement is effective for fiscal years beginning on or after December 15, 2008. The Company is currently assessing the potential impact that the adoption of FASB No. 160 will have on its financial position and results of operations.

FASB Staff Position No. FAS 142-3, Determination of the Useful Life of Intangible Assets

The FASB Staff Position (FSP) No. 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible assets under FASB Statement No. 142, Goodwill and Other Intangible Assets. The intent of the FSP is to improve the consistency between the useful life of a recognized intangible asset under FASB No. 142 and the period of expected cash flows used to measure the fair value of the asset under FASB Statement No. 141 (revised 2007), Business Combinations, and other U.S. generally accepted accounting principles. The FSP shall be effective be effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is prohibited. The guidance for determining the useful life of a recognized intangible assets if this FSP shall be applied prospectively to intangible assets acquired after the effective date. The disclosure requirements shall be applied prospectively to all intangible assets recognized as of, and subsequent to, the effective date. The Company does not believe that the adoption of this FSP will have a material effect on the financial position and results of operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

GENERAL

The following discussion should be read in conjunction with the Consolidated Financial Statements of Mack-Cali Realty Corporation and the notes thereto (collectively, the "Financial Statements"). Certain defined terms used herein have the meaning ascribed to them in the Financial Statements.

Executive Overview

Mack-Cali Realty Corporation (the "Company") is one of the largest real estate investment trusts (REITs) in the United States, with a total market capitalization of approximately \$5.0 billion at September 30, 2008. The Company has been involved in all aspects of commercial real estate development, management and ownership for over 50 years and has been a publicly-traded REIT since 1994. The Company owns or has interests in 294 properties (collectively, the "Properties"), primarily class A office and office/flex buildings, totaling approximately 33.7 million square feet, leased to approximately 2,200 tenants. The properties are located primarily in suburban markets of the Northeast, some with adjacent, Company-controlled developable land sites able to accommodate up to 11.3 million square feet of additional commercial space.

The Company's strategy is to be a significant real estate owner and operator in its core, high-barriers-to-entry markets, located in the Northeast.

As an owner of real estate, almost all of the Company's earnings and cash flow is derived from rental revenue received pursuant to leased space at the Properties. Key factors that affect the Company's business and financial results include the following:

- the general economic climate;
- the occupancy rates of the Properties;
- rental rates on new or renewed leases;
- tenant improvement and leasing costs incurred to obtain and retain tenants;
- the extent of early lease terminations;
- operating expenses;
- cost of capital; and
- the extent of acquisitions, development and sales of real estate.

Any negative effects of the above key factors could potentially cause a deterioration in the Company's revenue and/or earnings. Such negative effects could include: (1) failure to renew or execute new leases as current leases expire; (2) failure to renew or execute new leases with rental terms at or above the terms of in-place leases; and (3) tenant defaults.

A failure to renew or execute new leases as current leases expire or to execute new leases with rental terms at or above the terms of in-place leases may be affected by several factors such as: (1) the local economic climate, which may be adversely impacted by business layoffs or downsizing, industry slowdowns, changing demographics and other factors; and (2) local real estate conditions, such as oversupply of office and office/flex space or competition within the market.

The Company's core markets continue to be weak. The percentage leased in the Company's consolidated portfolio of stabilized operating properties was 91.8 percent at September 30, 2008, as compared to 92.3 percent at June 30, 2008 and 92.2 percent at September 30, 2007. Percentage leased includes all leases in effect as of the period end date, some of which have commencement dates in the future and leases that expire at the period end date. Leases that expired as of September 30, 2008, June 30, 2008 and September 30, 2007 aggregate 94,026, 73,942 and 67,253 square feet, respectively, or 0.3, 0.3 and 0.2 percentage of the net rentable square footage, respectively. Rental rates on the Company's space that was re-leased (based on first rents payable) during the three months ended September 30, 2008 decreased an average of 1.8 percent compared to rates that were in effect under the prior leases, as compared to a 0.8 percent increase for the three months ended September 30, 2007. The Company believes that vacancy rates may continue to increase in some of its markets through 2009. As a result, the Company's future earnings and cash flow may continue to be negatively impacted by current market conditions.

Deteriorating economic conditions have resulted in a reduction of the availability of financing and overall higher borrowing rates. These factors, coupled with a slowing economy, have reduced the volume of real estate transactions and created credit stresses on most businesses. On September 15, 2008, Lehman Brothers Holdings Inc. (“Lehman”) filed a petition under Chapter 11 of the U.S. Bankruptcy Code with the United States Bankruptcy Court for the Southern District of New York. Lehman leases 270,063 square feet of office space from the Company at 101 Hudson Street in Jersey City, New Jersey, which are scheduled to expire through 2018. Lehman has currently sublet 54.1 percent of its leased space to subtenants. Should Lehman’s lease no longer be in effect, the subtenants would become direct tenants of the Company for the remainder of the term of their respective subleases. This would mitigate a portion of the Company’s potential future loss of the Lehman lease as a result of Lehman’s bankruptcy.

If economic conditions persist or deteriorate, the Company may experience increases in past due accounts, defaults, lower occupancy and reduced effective rents. This condition would negatively affect the Company’s future net income and cash flows and could have a material adverse effect on the Company’s financial condition.

The remaining portion of this Management’s Discussion and Analysis of Financial Condition and Results of Operations should help the reader understand:

- critical accounting policies and estimates;
- results of operations for the three and nine months ended September 30, 2008 as compared to the three and nine months ended September 30, 2007; and
- liquidity and capital resources.

Critical Accounting Policies and Estimates

The Financial Statements have been prepared in conformity with generally accepted accounting principles. The preparation of the Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements, and the reported amounts of revenues and expenses during the reported period. These estimates and assumptions are based on management’s historical experience that are believed to be reasonable at the time. However, because future events and their effects cannot be determined with certainty, the determination of estimates requires the exercise of judgment. The Company’s critical accounting policies are those which require assumptions to be made about matters that are highly uncertain. Different estimates could have a material effect on the Company’s financial results. Judgments and uncertainties affecting the application of these policies and estimates may result in materially different amounts being reported under different conditions and circumstances.

Rental Property:

Rental properties are stated at cost less accumulated depreciation and amortization. Costs directly related to the acquisition, development and construction of rental properties are capitalized. Capitalized development and construction costs include pre-construction costs essential to the development of the property, development and construction costs, interest, property taxes, insurance, salaries and other project costs incurred during the period of development. Interest capitalized by the Company for the three months ended September 30, 2008 and 2007 was \$1.7 million and \$1.2 million, respectively, and \$4.7 million and \$3.7 million for the nine months ended September 30, 2008 and 2007, respectively. Ordinary repairs and maintenance are expensed as incurred; major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives. Fully-depreciated assets are removed from the accounts.

The Company considers a construction project as substantially completed and held available for occupancy upon the completion of tenant improvements, but no later than one year from cessation of major construction activity (as

distinguished from activities such as routine maintenance and cleanup). If portions of a rental project are substantially completed and occupied by tenants, or held available for occupancy, and other portions have not yet reached that stage, the substantially completed portions are accounted for as a separate project. The Company allocates costs incurred between the portions under construction and the portions substantially completed and held available for occupancy and capitalizes only those costs associated with the portion under construction.

Properties are depreciated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Leasehold interests	Remaining lease term
Buildings and improvements	5 to 40 years
Tenant improvements	The shorter of the term of the related lease or useful life
Furniture, fixtures and equipment	5 to 10 years

Upon acquisition of rental property, the Company estimates the fair value of acquired tangible assets, consisting of land, building and improvements, and identified intangible assets and liabilities generally consisting of the fair value of (i) above and below market leases, (ii) in-place leases and (iii) tenant relationships. The Company allocates the purchase price to the assets acquired and liabilities assumed based on their relative fair values. In estimating the fair value of the tangible and intangible assets acquired, the Company considers information obtained about each property as a result of its due diligence and marketing and leasing activities, and utilizes various valuation methods, such as estimated cash flow projections utilizing appropriate discount and capitalization rates, estimates of replacement costs net of depreciation, and available market information. The fair value of the tangible assets of an acquired property considers the value of the property as if it were vacant.

Above-market and below-market lease values for acquired properties are recorded based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management's estimate of fair market lease rates for each corresponding in-place lease, measured over a period equal to the remaining term of the lease for above-market leases and the remaining initial term plus the term of any below-market fixed rate renewal options for below-market leases. The capitalized above-market lease values are amortized as a reduction of base rental revenue over the remaining term of the respective leases, and the capitalized below-market lease values are amortized as an increase to base rental revenue over the remaining initial terms plus the terms of any below-market fixed rate renewal options of the respective leases.

Other intangible assets acquired include amounts for in-place lease values and tenant relationship values which are based on management's evaluation of the specific characteristics of each tenant's lease and the Company's overall relationship with the respective tenant. Factors to be considered by management in its analysis of in-place lease values include an estimate of carrying costs during hypothetical expected lease-up periods considering current market conditions, and costs to execute similar leases. In estimating carrying costs, management includes real estate taxes, insurance and other operating expenses and estimates of lost rentals at market rates during the expected lease-up periods, depending on local market conditions. In estimating costs to execute similar leases, management considers leasing commissions, legal and other related expenses. Characteristics considered by management in valuing tenant relationships include the nature and extent of the Company's existing business relationships with the tenant, growth prospects for developing new business with the tenant, the tenant's credit quality and expectations of lease renewals. The value of in-place leases are amortized to expense over the remaining initial terms of the respective leases. The value of tenant relationship intangibles will be amortized to expense over the anticipated life of the relationships.

On a periodic basis, management assesses whether there are any indicators that the value of the Company's rental properties may be impaired. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property is less than the carrying value of the property. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of

the property over the fair value of the property. The Company's estimates of aggregate future cash flows expected to be generated by each property are based on a number of assumptions that are subject to economic and market uncertainties including, among others, demand for space, competition for tenants, changes in market rental rates, and costs to operate each property. As these factors are difficult to predict and are subject to future events that may alter management's assumptions, the future cash flows estimated by management in its impairment analyses may not be achieved. Management does not believe that the value of any of the Company's rental properties is impaired.

Rental Property Held for Sale and Discontinued Operations:

When assets are identified by management as held for sale, the Company discontinues depreciating the assets and estimates the sales price, net of selling costs, of such assets. If, in management's opinion, the net sales price of the assets which have been identified as held for sale is less than the net book value of the assets, a valuation allowance is established. Properties identified as held for sale and/or sold are presented in discontinued operations for all periods presented.

If circumstances arise that previously were considered unlikely and, as a result, the Company decides not to sell a property previously classified as held for sale, the property is reclassified as held and used. A property that is reclassified is measured and recorded individually at the lower of (a) its carrying amount before the property was classified as held for sale, adjusted for any depreciation (amortization) expense that would have been recognized had the property been continuously classified as held and used, or (b) the fair value at the date of the subsequent decision not to sell.

Revenue Recognition:

Base rental revenue is recognized on a straight-line basis over the terms of the respective leases. Unbilled rents receivable represents the amount by which straight-line rental revenue exceeds rents currently billed in accordance with the lease agreements. Above-market and below-market lease values for acquired properties are recorded based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management's estimate of fair market lease rates for each corresponding in-place lease, measured over a period equal to the remaining term of the lease for above-market leases and the initial term plus the term of any below-market fixed-rate renewal options for below-market leases. The capitalized above-market lease values for acquired properties are amortized as a reduction of base rental revenue over the remaining term of the respective leases, and the capitalized below-market lease values are amortized as an increase to base rental revenue over the remaining initial terms plus the terms of any below-market fixed-rate renewal options of the respective leases. Escalations and recoveries from tenants are received from tenants for certain costs as provided in the lease agreements. These costs generally include real estate taxes, utilities, insurance, common area maintenance and other recoverable costs.

Construction services revenue includes fees earned and reimbursements received by the Company for providing construction management and general contractor services to clients. Construction services revenue is recognized on the percentage of completion method. Using this method, profits are recorded on the basis of our estimates of the overall profit and percentage of completion of individual contracts. A portion of the estimated profits is accrued based upon estimates of the percentage of completion of the construction contract. This revenue recognition method involves inherent risks relating to profit and cost estimates. Real estate services revenue includes property management, facilities management, leasing commission fees and other services, and payroll and related costs reimbursed from clients. Other income includes income from parking spaces leased to tenants, income from tenants for additional services arranged for the Company and income from tenants for early lease terminations.

Allowance for Doubtful Accounts:

Management periodically performs a detailed review of amounts due from tenants to determine if accounts receivable balances are impaired based on factors affecting the collectibility of those balances. Management's estimate of the allowance for doubtful accounts requires management to exercise significant judgment about the timing, frequency and severity of collection losses, which affects the allowance and net income.

Results From Operations

The following comparisons for the three and nine months ended September 30, 2008 (“2008”), as compared to the three and nine months ended September 30, 2007 (“2007”), make reference to the following: (i) the effect of the “Same-Store Properties,” which represent all in-service properties owned by the Company at June 30, 2007 (for the three-month period comparisons), and which represents all in-service properties owned by the Company at December 31, 2006 (for the nine-month period comparisons), excluding properties sold or held for sale through September 30, 2008, and (ii) the effect of the “Acquired Properties,” which represent all properties acquired by the Company or commencing initial operations from July 1, 2007 through September 30, 2008 (for the three-month period comparisons), and which represents all properties acquired by the Company from January 1, 2007 through September 30, 2008 (for the nine-month period comparisons).

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Three Months Ended September 30, 2008 Compared to Three Months Ended September 30, 2007

(dollars in thousands)	Three Months Ended		Dollar Change	Percent Change
	September 30, 2008	2007		
Revenue from rental operations and other:				
Base rents	\$147,809	\$145,535	\$ 2,274	1.6%
Escalations and recoveries from tenants	29,755	27,491	2,264	8.2
Other income	11,184	11,376	(192)	(1.7)
Total revenues from rental operations	188,748	184,402	4,346	2.4
Property expenses:				
Real estate taxes	23,361	22,422	939	4.2
Utilities	24,706	21,944	2,762	12.6
Operating services	25,955	27,096	(1,141)	(4.2)
Total property expenses	74,022	71,462	2,560	3.6
Non-property revenues:				
Construction services	12,268	22,912	(10,644)	(46.5)
Real estate services	3,347	5,567	(2,220)	(39.9)
Total non-property revenues	15,615	28,479	(12,864)	(45.2)
Non-property expenses:				
Direct construction costs	11,104	22,479	(11,375)	(50.6)
General and administrative	10,767	13,411	(2,644)	(19.7)
Depreciation and amortization	49,242	49,790	(548)	(1.1)
Total non-property expenses	71,113	85,680	(14,567)	(17.0)
Operating income	59,228	55,739	3,489	6.3
Other (expense) income:				
Interest expense	(31,163)	(32,163)	1,000	3.1
Interest and other investment income	257	985	(728)	(73.9)
Equity in earnings (loss) of unconsolidated joint ventures	(269)	(1,559)	1,290	82.7
Minority interest in consolidated joint ventures	147	51	96	188.2
Gain on sale of investment in marketable securities	--	--	--	--
Total other (expense) income	(31,028)	(32,686)	1,658	5.1
Income from continuing operations before minority interest				
in Operating Partnership	28,200	23,053	5,147	22.3
Minority interest in Operating Partnership	(5,131)	(4,146)	(985)	(23.8)
Income from continuing operations	23,069	18,907	4,162	22.0
Discontinued operations (net of minority interest):				
Income from discontinued operations	--	20	(20)	(100.0)
Realized gains (losses) and unrealized losses on disposition of rental property, net	--	4,533	(4,533)	(100.0)
Total discontinued operations, net	--	4,553	(4,553)	(100.0)
Net income	23,069	23,460	(391)	(1.7)

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Preferred stock dividends	(500)	(500)	--	--
Net income available to common shareholders	\$ 22,569	\$ 22,960	\$ (391)	(1.7)%

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The following is a summary of the changes in revenue from rental operations and other, and property expenses divided into Same-Store Properties and Acquired Properties:

(dollars in thousands)	Total Company		Same-Store Properties		Acquired Properties	
	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change
Revenue from rental operations and other:						
Base rents	\$ 2,274	1.6%	\$ 2,274	1.6%	--	--
Escalations and recoveries from tenants	2,264	8.2	2,264	8.2	--	--
Other income	(192)	(1.7)	(192)	(1.7)	--	--
Total	\$ 4,346	2.4%	\$ 4,346	2.4%	--	--
Property expenses:						
Real estate taxes	\$ 939	4.2%	\$ 939	4.2%	--	--
Utilities	2,762	12.6	2,762	12.6	--	--
Operating services	(1,141)	(4.2)	(1,141)	(4.2)	--	--
Total	\$ 2,560	3.6%	\$ 2,560	3.6%	--	--

OTHER DATA:

Number of Consolidated Properties

(excluding properties held for sale):

255	255	--
Square feet (in thousands)	29,245	--

Base rents for the Same-Store Properties increased \$2.3 million, or 1.6 percent, for 2008 as compared to 2007, due primarily to increased rental rates at certain properties in 2008 as compared to 2007. Escalations and recoveries from tenants for the Same-Store Properties increased \$2.3 million, or 8.2 percent, for 2008 over 2007, due primarily to an increase of \$3.6 million in amounts recovered from tenants resulting from higher utilities expense in 2008, partially offset by a decrease of \$1.3 million in amounts recovered from tenants resulting from lower operating costs and the setting of new base years for certain tenants. Other income for the Same-Store Properties decreased \$0.2 million, or 1.7 percent, due primarily to a decrease in lease termination fees of \$0.4 million for 2008 as compared to 2007.

Real estate taxes on the Same-Store Properties increased \$0.9 million, or 4.2 percent, for 2008 as compared to 2007, due primarily to higher tax rates in 2008. Utilities for the Same-Store Properties increased \$2.8 million, or 12.6 percent, for 2008 as compared to 2007, due primarily to increased electric rates in 2008 as compared to 2007. Operating services for the Same-Store Properties decreased \$1.1 million, or 4.2 percent due primarily to a decrease in maintenance costs of \$0.9 million in 2008 as compared to 2007 and a decrease in insurance costs of \$1.3 million, partially offset by an increase of \$0.6 million in repair and maintenance costs for 2008 as compared to 2007, and an increase in property management salaries and related expenses of \$0.3 million.

Construction services revenue decreased \$10.6 million, or 46.5 percent, in 2008 as compared to 2007, due to lesser activity in 2008 at The Gale Company and its related businesses. Real estate services revenue decreased by \$2.2 million, or 39.9 percent, for 2008 as compared to 2007, due primarily to decreases in salary reimbursements of \$0.9 million, management fee income of \$0.7 million and commission income of \$0.6 million for 2008 as compared to

2007.

Direct construction costs decreased \$11.4 million, or 50.6 percent, in 2008 as compared to 2007, due primarily to lesser activity of the Gale Company and its related businesses. General and administrative expense decreased by \$2.6 million, or 19.7 percent, for 2008 as compared to 2007, due primarily to the write-off in 2007 of costs related to a development project no longer considered viable of \$2 million, and decreases in state tax expense of \$0.9 million and in insurance costs of \$0.2 million, partially offset by increases in salaries and related expenses of \$0.5 million for 2008 as compared to 2007.

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Depreciation and amortization decreased by \$0.5 million, or 1.1 percent, for 2008 over 2007. This decrease is due primarily to certain assets becoming fully amortized in 2008.

Interest expense decreased \$1.0 million or 3.1 percent for 2008 as compared to 2007. This decrease is due primarily to lower interest rates in 2008 as compared to 2007.

Interest and other investment income decreased \$0.7 million, or 73.9 percent, for 2008 as compared to 2007. This decrease was due primarily to lower cash balances invested during the period.

Equity in earnings of unconsolidated joint ventures increased \$1.3 million, or 82.7 percent, for 2008 as compared to 2007. The increase was due primarily to a decreased loss in 2008 of \$0.7 million in the Mack-Green joint venture, increased income of \$0.4 million in the Harborside South Pier joint venture, and a loss in 2007 of \$0.2 million in the Ramland Realty joint venture.

Income from continuing operations before minority interest in Operating Partnership increased to approximately \$28.2 million in 2008 from \$23.1 million in 2007. The increase of approximately \$5.1 million is due to the factors discussed above.

Net income available to common shareholders decreased by approximately \$0.4 million, from \$23.0 million in 2007 to \$22.6 million in 2008. This decrease was the result of realized gains on disposition of rental property of \$4.5 million in 2007 and an increase in minority interest in Operating Partnership of \$1.0 million for 2008 as compared to 2007, partially offset by an increase in income from continuing operations before minority interest in Operating Partnership of \$5.1 million for 2008 as compared to 2007.

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Nine Months Ended September 30, 2008 Compared to Nine Months Ended September 30, 2007

(dollars in thousands)	Nine Months Ended		Dollar Change	Percent Change
	September 30, 2008	2007		
Revenue from rental operations and other:				
Base rents	\$444,499	\$427,574	\$ 16,925	4.0%
Escalations and recoveries from tenants	82,065	79,477	2,588	3.3
Other income	18,955	17,628	1,327	7.5
Total revenues from rental operations	545,519	524,679	20,840	4.0
Property expenses:				
Real estate taxes	71,522	69,744	1,778	2.5
Utilities	65,794	54,818	10,976	20.0
Operating services	79,080	79,070	10	--
Total property expenses	216,396	203,632	12,764	6.3
Non-property revenues:				
Construction services	36,334	68,722	(32,388)	(47.1)
Real estate services	10,016	13,267	(3,251)	(24.5)
Total non-property revenues	46,350	81,989	(35,639)	(43.5)
Non-property expenses:				
Direct construction costs	34,087	66,024	(31,937)	(48.4)
General and administrative	33,099	37,351	(4,252)	(11.4)
Depreciation and amortization	144,550	135,064	9,486	7.0
Total non-property expenses	211,736	238,439	(26,703)	(11.2)
Operating income	163,737	164,597	(860)	(0.5)
Other (expense) income:				
Interest expense	(94,963)	(94,432)	(531)	(0.6)
Interest and other investment income	1,115	4,173	(3,058)	(73.3)
Equity in earnings (loss) of unconsolidated joint ventures	(533)	(5,486)	4,953	90.3
Minority interest in consolidated joint ventures	286	492	(206)	(41.9)
Gain on sale of investment in marketable securities	471	--	471	--
Total other (expense) income	(93,624)	(95,253)	1,629	1.7
Income from continuing operations before minority interest				
in Operating Partnership	70,113	69,344	769	1.1
Minority interest in Operating Partnership	(12,751)	(12,564)	(187)	(1.5)
Income from continuing operations	57,362	56,780	582	1.0
Discontinued operations (net of minority interest):				
Income from discontinued operations	--	1,057	(1,057)	(100.0)
Realized gains (losses) and unrealized losses on disposition of rental property, net	--	36,280	(36,280)	(100.0)
Total discontinued operations, net	--	37,337	(37,337)	(100.0)
Net income	57,362	94,117	(36,755)	(39.1)

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Preferred stock dividends	(1,500)	(1,500)	--	--
Net income available to common shareholders	\$ 55,862	\$ 92,617	\$ (36,755)	(39.7)%

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The following is a summary of the changes in revenue from rental operations and other, and property expenses divided into Same-Store Properties and Acquired Properties:

(dollars in thousands)	Total Company		Same-Store Properties		Acquired Properties	
	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change
Revenue from rental operations and other:						
Base rents	\$ 16,925	4.0%	\$ 6,416	1.5%	\$10,509	2.5%
Escalations and recoveries from tenants	2,588	3.3	(167)	(0.2)	2,755	3.5
Other income	1,327	7.5	1,285	7.3	42	0.2
Total	\$ 20,840	4.0%	\$ 7,534	1.4%	\$13,306	2.6%
Property expenses:						
Real estate taxes	\$ 1,778	2.5%	\$ 74	0.1%	\$ 1,704	2.4%
Utilities	10,976	20.0	10,304	18.8	672	1.2
Operating services	10	--	(2,210)	(2.8)	2,220	2.8
Total	\$ 12,764	6.3%	\$ 8,168	4.0%	\$ 4,596	2.3%

OTHER DATA:

Number of Consolidated Properties

(excluding properties held for sale):	255	251	4
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Square feet (in thousands)	29,245	28,532	713
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Base rents for the Same-Store Properties increased \$6.4 million, or 1.5 percent, for 2008 as compared to 2007, due primarily to increased rental rates at certain properties in 2008 as compared to 2007. Escalations and recoveries from tenants for the Same-Store Properties decreased \$0.2 million, or 0.2 percent, for 2008 over 2007, due primarily to a decrease of \$6.7 million in amounts recovered from tenants resulting from lower operating costs and the setting of new base years for certain tenants, partially offset by an increase of \$6.5 million in amounts recovered from tenants resulting from higher utilities expense in 2008. Other income for the Same-Store Properties increased \$1.3 million, or 7.3 percent, due primarily to an increase in reimbursed salaries of \$0.9 million and reimbursed improvements of \$0.4 million for 2008 as compared to 2007.

Real estate taxes on the Same-Store Properties remained relatively unchanged, for 2008 as compared to 2007. Utilities for the Same-Store Properties increased \$10.3 million, or 18.8 percent, for 2008 as compared to 2007, due primarily to increased electric rates in 2008 as compared to 2007. Operating services for the Same-Store Properties decreased \$2.2 million, or 2.8 percent due primarily to decreases in maintenance costs of \$3.0 million and snow removal costs of \$1.2 million in 2008, partially offset by increases of \$0.7 million in repairs and related costs and \$0.8 million in property management salaries and related expenses for 2008, as compared to 2007.

Construction services revenue decreased \$32.4 million, or 47.1 percent, in 2008 as compared to 2007, due to lesser activity in 2008 at The Gale Company and its related businesses. Real estate services revenue decreased by \$3.3 million, or 24.5 percent, for 2008 as compared to 2007, due primarily to decreases in management fee income of \$1.7 million, commissions income of \$0.7 million, and salary reimbursements of \$0.7 million.

Direct construction costs decreased \$31.9 million, or 48.4 percent, in 2008 as compared to 2007, due primarily to lesser activity of the Gale Company and its related businesses. General and administrative expense decreased by \$4.3 million, or 11.4 percent, due primarily to the write-off in 2007 of costs related to a development project no longer considered viable of \$2 million, decreases in state tax expense of \$1.5 million and insurance expenses of \$0.5 million.

Depreciation and amortization increased by \$9.5 million, or 7.0 percent, for 2008 over 2007. Of this increase, \$7.3 million, or 5.4 percent, is attributable to the Acquired Properties, and \$2.2 million, or 1.6 percent, is attributable to the Same-Store Properties, due primarily to depreciation on increased tenant installation costs.

Interest expense increased \$0.5 million, or 0.6 percent, for 2008 as compared to 2007. This increase was due primarily to higher average debt balances, partially offset by lower interest rates in 2008 as compared to 2007.

Interest and other investment income decreased \$3.1 million, or 73.3 percent, for 2008 as compared to 2007. This decrease was due primarily to lower cash balances invested during the period.

Equity in earnings of unconsolidated joint ventures increased \$5.0 million, or 90.3 percent, for 2008 as compared to 2007. The increase was due primarily to a decreased loss in 2008 of \$1.4 million in the Mack-Green joint venture, increased income of \$1.2 million in the Harborside South Pier joint venture, a decreased loss of \$1.0 million in the Route 93 joint venture, increased income of \$0.5 million in the Gale Kimball joint venture, a loss of \$0.4 million in the Ramland Realty joint venture in 2007 and increased income in 2008 of \$0.3 million in the Red Bank Corporate Plaza I and II joint venture.

The Company recognized a gain on sale of investments in marketable securities of approximately \$0.5 million in 2008.

Income from continuing operations before minority interest in Operating Partnership increased to approximately \$70.1 million in 2008 from \$69.3 million in 2007. The increase of approximately \$0.8 million is due to the factors discussed above.

Net income available to common shareholders decreased by approximately \$36.7 million, from \$92.6 million in 2007 to approximately \$55.9 million in 2008. This decrease was the result of realized gains on disposition of rental property of \$36.3 million in 2007, a decrease in income from discontinued operations of approximately \$1.0 million and a decrease in minority interest in Operating Partnership of \$0.2 million for 2008 as compared to 2007. These were partially offset by an increase in income from continuing operations before minority interest of Operating Partnership of \$0.8 million for 2008 as compared to 2007.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Overview:

Historically, rental revenue has been the principal source of funds to pay operating expenses, debt service, capital expenditures and dividends, excluding non-recurring capital expenditures. To the extent that the Company's cash flow from operating activities is insufficient to finance its non-recurring capital expenditures such as property acquisitions, development and construction costs and other capital expenditures, the Company has and expects to continue to finance such activities through borrowings under its revolving credit facility and other debt and equity financings.

The Company believes that with the general downturn in the Company's markets in recent years, it is reasonably likely that vacancy rates may continue to increase, effective rental rates on new and renewed leases may continue to decrease and tenant installation costs, including concessions, may continue to increase in most or all of its markets through 2009. As a result of the potential negative effects on the Company's revenue from the overall reduced demand for office space, the Company's cash flow could be insufficient to cover increased tenant installation costs over the short-term. If this situation were to occur, the Company expects that it would finance any shortfalls through borrowings under its revolving credit facility and other debt and equity financings.

The Company expects to meet its short-term liquidity requirements generally through its working capital, net cash provided by operating activities and from its revolving credit facility. The Company frequently examines potential

property acquisitions and development projects and, at any given time, one or more of such acquisitions or development projects may be under consideration. Accordingly, the ability to fund property acquisitions and development projects is a major part of the Company's financing requirements. The Company expects to meet its financing requirements through funds generated from operating activities, proceeds from property sales, long-term and short-term borrowings (including draws on the Company's revolving credit facility) and the issuance of additional debt and/or equity securities.

Financial markets have recently experienced unusual volatility and uncertainty. Liquidity has tightened in all financial markets, including the debt and equity markets. The Company's ability to fund property acquisitions or development projects, as well as its ability to repay or refinance debt maturities could be adversely affected by an inability to secure financing at reasonable terms, if at all. While the Company currently does not expect any difficulties, it is possible, in these unusual and uncertain times, that one or more lenders in the Company's revolving credit facility could fail to fund a borrowing request. Such an event could adversely affect the ability of the Company to access funds from its revolving credit facility when needed.

On September 15, 2008, Lehman Brothers Holdings Inc. ("Lehman") filed a petition under Chapter 11 of the U.S. Bankruptcy Code with the United States Bankruptcy Court for the Southern District of New York. Lehman leases 270,063 square feet of office space from the Company at 101 Hudson Street in Jersey City, New Jersey, which are scheduled to expire through 2018. Lehman has currently sublet 54.1 percent of its leased space to subtenants. Should Lehman's lease no longer be in effect, the subtenants would become direct tenants of the Company for the remainder of the term of their respective subleases. This would mitigate a portion of the Company's potential future loss of the Lehman lease as a result of Lehman's bankruptcy.

If economic conditions persist or deteriorate, the Company may experience increases in past due accounts, defaults, lower occupancy and reduced effective rents. This condition would negatively affect the Company's future net income and cash flows and could have a material adverse effect on the Company's financial condition.

Construction Projects:

In July 2007, the Company commenced construction on a 250,000 square-foot, class A office building, which Wyndham Worldwide pre-leased for 15 years, on a land site located in the Company's Mack-Cali Business Campus in Parsippany, New Jersey. The building is expected to be completed in the fourth quarter 2008 at a total estimated cost of approximately \$64.8 million (of which the Company has incurred \$42.7 million through September 30, 2008).

The Company owns a 15 percent indirect interest in a joint venture which plans to develop an approximately 1.5 million square foot mixed-use project in downtown Boston consisting of office and retail space, condominium apartments, a hotel and garage. The development project is currently projected to cost approximately \$711 million, of which the Company is currently projected to invest a total of approximately \$45.2 million (of which the Company has invested \$24.0 million through September 30, 2008). The venture is currently pursuing project financing.

The Company is obligated to acquire from an entity (the "Florham Entity") whose beneficial owners include Stanley C. Gale and Mark Yeager, an executive officer of the Company, a 50 percent interest in a venture which owns a developable land parcel in Florham Park, New Jersey (the "Florham Park Land") for a maximum purchase price of up to \$10.5 million, subject to reduction based on developable square feet approved and other conditions, with the completion of such acquisition subject to the Florham Entity obtaining final development permits and approvals and related conditions necessary to allow for office development expected to be 600,000 square feet. In the event the acquisition of the Florham Park Land does not close by May 9, 2009, subject to certain conditions, the Florham Entity will be obligated to pay certain deferred costs and an additional \$1 million to the Company at that time.

REIT Restrictions:

To maintain its qualification as a REIT, the Company must make annual distributions to its stockholders of at least 90 percent of its REIT taxable income, determined without regard to the dividends paid deduction and by excluding net capital gains. Moreover, the Company intends to continue to make regular quarterly distributions to its common stockholders which, based upon current policy, in the aggregate would equal approximately \$173.9 million on an annualized basis. However, any such distribution, whether for federal income tax purposes or otherwise, would only be paid out of available cash, including borrowings and other sources, after meeting operating requirements, preferred stock dividends and distributions, and scheduled debt service on the Company's debt.

Property Lock-Ups:

The Company may not dispose of or distribute certain of its properties, currently comprising 11 properties with an aggregate net book value of approximately \$204.3 million, which were originally contributed by certain unrelated common unitholders, without the express written consent of such common unitholders, as applicable, except in a manner which does not result in recognition of any built-in-gain (which may result in an income tax liability) or which reimburses the appropriate specific common unitholders for the tax consequences of the recognition of such built-in-gains (collectively, the "Property Lock-Ups"). The aforementioned restrictions do not apply in the event that the Company sells all of its properties or in connection with a sale transaction which the Company's Board of Directors determines is reasonably necessary to satisfy a material monetary default on any unsecured debt, judgment or liability of the Company or to cure any material monetary default on any mortgage secured by a property. The Property Lock-Ups expire periodically through 2016. Upon the expiration of the Property Lock-Ups, the Company is generally required to use commercially reasonable efforts to prevent any sale, transfer or other disposition of the subject properties from resulting in the recognition of built-in gain to the specific common unitholders, which include members of the Mack Group (which includes William L. Mack, Chairman of the Company's Board of Directors; David S. Mack, director; Earle I. Mack, a former director; and Mitchell E. Hersh, president, chief executive officer and director), the Robert Martin Group (which includes Robert F. Weinberg, director; Martin S. Berger, a former director; and Timothy M. Jones, former president), the Cali Group (which includes John R. Cali, director, and John J. Cali, a former director). 126 of the Company's properties, with an aggregate net book value of approximately \$1.9 billion, have lapsed restrictions and are subject to these conditions.

Unencumbered Properties:

As of September 30, 2008, the Company had 239 unencumbered properties, totaling 25.8 million square feet, representing 88.3 percent of the Company's total portfolio on a square footage basis.

Credit Ratings:

The Company has three investment grade credit ratings. Standard & Poor's Rating Services ("S&P") and Fitch, Inc. ("Fitch") have each assigned their BBB rating to existing and prospective senior unsecured debt of the Operating Partnership. Fitch has assigned its BBB- rating and S&P has assigned its BB+ rating to existing and prospective preferred stock offerings of the Company. Moody's Investors Service ("Moody's") has assigned its Baa2 rating to existing and prospective senior unsecured debt of the Operating Partnership and its Baa3 rating to existing and prospective preferred stock offerings of the Company.

Cash Flows

Cash and cash equivalents decreased by \$17.0 million to \$7.7 million at September 30, 2008, compared to \$24.7 million at December 31, 2007. The decrease is comprised of the following net cash flow items:

- (1) \$188.7 million provided by operating activities.
- (2) \$64.8 million used in investing activities, consisting primarily of the following:
 - (a) \$68.4 million used for additions to rental property and related intangibles; plus
 - (b) \$6.6 million used in investing in unconsolidated joint ventures; minus
 - (c) \$3.3 million received as distributions from unconsolidated joint ventures, minus
 - (d) \$5.4 million received from proceeds of the sale of marketable securities available for sale.
- (3) \$140.9 million used in financing activities, consisting primarily of the following:
 - (a) \$630.1 million from borrowings under the Company's unsecured credit facility; plus
 - (b) \$352.0 million from borrowings from money market loans; plus
 - (c) \$2.3 million in proceeds from stock options exercised; minus
 - (d) \$587.1 million used for the repayment of borrowings under the Company's unsecured credit facility; minus
 - (e) \$24.6 million used for the repayment of mortgages, loans payable and other obligations; minus
 - (f) \$352.0 million used for repayment of money market loans; minus
 - (g) \$156.4 million used for the payment of dividends and distributions; minus
 - (h) \$5.2 million used for the repurchase of common stock.

Debt Financing

Summary of Debt:

The following is a breakdown of the Company's debt financing as of September 30, 2008:

	Balance (\$000's)	% of Total	Weighted Average Interest Rate (a)	Weighted Average Maturity in Years
Fixed Rate Unsecured Debt and Other Obligations	\$1,651,037	74.01%	6.31%	3.58
Fixed Rate Secured Debt	286,824	12.86%	5.35%	3.41
Variable Rate Unsecured Debt	293,000	13.13%	3.22%	2.73
Totals/Weighted Average:	\$2,230,861	100.00%	5.78%	3.44

Debt Maturities:

Scheduled principal payments and related weighted average annual interest rates for the Company's debt as of September 30, 2008 are as follows:

Period	Scheduled Amortization (\$000's)	Principal Maturities (\$000's)	Total (\$000's)	Weighted Average Interest Rate of Future Repayments (a)
2008	\$ 6,331	--	\$ 6,331	4.94%
2009	15,018	\$ 300,000	315,018	7.37%
2010	2,584	334,500	337,084	5.26%
2011	2,745	593,000	595,745	5.60%
2012	2,864	210,148	213,012	6.13%
Thereafter	5,702	760,618	766,320	5.41%
Sub-total	35,244	2,198,266	2,233,510	5.78%
Adjustment for unamortized debt discount/premium, net, as of September 30, 2008	\$ (2,649)	--	\$ (2,649)	
Totals/Weighted Average	\$32,595	\$2,198,266	\$2,230,861	5.78%

Senior Unsecured Notes:

The terms of the Company's senior unsecured notes (which totaled approximately \$1.6 billion as of September 30, 2008) include certain restrictions and covenants which require compliance with financial ratios relating to the maximum amount of debt leverage, the maximum amount of secured indebtedness, the minimum amount of debt service coverage and the maximum amount of unsecured debt as a percent of unsecured assets.

Unsecured Revolving Credit Facility:

The Company has an unsecured revolving credit facility with a borrowing capacity of \$775 million (expandable to \$800 million). The facility matures in June 2011, with an extension option of one year, which would require a payment of 15 basis points of the then borrowing capacity of the facility upon exercise. In addition, the interest rate on outstanding borrowings (not electing the Company's competitive bid feature) was reduced by 10 basis points to

LIBOR plus 55 basis points at the BBB/Baa2 pricing level. As of October 29, 2008, the Company had \$95 million of outstanding borrowings under its unsecured revolving credit facility.

The facility has a competitive bid feature, which allows the Company to solicit bids from lenders under the facility to borrow up to \$300 million at interest rates less than the current LIBOR plus 55 basis point spread. The Company may also elect an interest rate representing the higher of the lender's prime rate or the Federal Funds rate plus 50 basis points. The unsecured facility also requires a 15 basis point facility fee on the current borrowing capacity payable quarterly in arrears.

The interest rate and the facility fee are subject to adjustment, on a sliding scale, based upon the operating partnership's unsecured debt ratings. In the event of a change in the Operating Partnership's unsecured debt rating, the interest and facility fee rates will be adjusted in accordance with the following table:

Operating Partnership's Unsecured Debt Ratings: S&P Moody's/Fitch (a)	Interest Rate – Applicable Basis Points Above LIBOR	Facility Fee Basis Points
No ratings or less than BBB-/Baa3/BBB-	100.0	25.0
BBB-/Baa3/BBB-	75.0	20.0
BBB/Baa2/BBB (current)	55.0	15.0
BBB+/Baa1/BBB+	42.5	15.0
A-/A3/A- or higher	37.5	12.5

(a) If the Operating Partnership has debt ratings from two rating agencies, one of which is Standard & Poor's Rating Services ("S&P") or Moody's Investors Service ("Moody's"), the rates per the above table shall be based on the lower of such ratings. If the Operating Partnership has debt ratings from three rating agencies, one of which is S&P or Moody's, the rates per the above table shall be based on the lower of the two highest ratings. If the Operating Partnership has debt ratings from only one agency, it will be considered to have no rating or less than BBB-/Baa3/BBB- per the above table.

The terms of the unsecured facility include certain restrictions and covenants which limit, among other things, the payment of dividends (as discussed below), the incurrence of additional indebtedness, the incurrence of liens and the disposition of real estate properties (to the extent that: (i) such property dispositions cause the Company to default on any of the financial ratios of the facility described below, or (ii) the property dispositions are completed while the Company is under an event of default under the facility, unless, under certain circumstances, such disposition is being carried out to cure such default), and which require compliance with financial ratios relating to the maximum leverage ratio, the maximum amount of secured indebtedness, the minimum amount of tangible net worth, the minimum amount of fixed charge coverage, the maximum amount of unsecured indebtedness, the minimum amount of unencumbered property interest coverage and certain investment limitations. The dividend restriction referred to above provides that, if an event of default has occurred and is continuing, the Company will not make any excess distributions with respect to common stock or other common equity interests except to enable the Company to continue to qualify as a REIT under the Code.

The lending group for the credit facility consists of: JPMorgan Chase Bank, N.A., as administrative agent (the "Agent"); Bank of America, N.A., as syndication agent; Scotiabanc, Inc., Wachovia Bank, National Association, and Wells Fargo Bank, National Association, as documentation agents; SunTrust Bank, as senior managing agent; US Bank National Association, Citicorp North America, Inc.; and PNC Bank National Association, as managing agents; and Bank of China, New York Branch, The Bank of New York; Chevy Chase Bank, F.S.B., The Royal Bank of Scotland PLC, Mizuho Corporate Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Successor by merger to UFJ Bank Limited), North Fork Bank, Bank Hapoalim B.M., Comerica Bank, Chang Hwa Commercial Bank, Ltd., New York Branch, First Commercial Bank, New York Agency, Mega International Commercial Bank Co. Ltd., New York Branch, Deutsche Bank Trust Company Americas and Hua Nan Commercial Bank, New York Agency, as participants.

Money Market Loan:

The Company entered into an agreement with JPMorgan Chase Bank to participate in a money market loan program ("Money Market Loan"). The Money Market Loan is an unsecured borrowing of up to \$75 million arranged by JPMorgan Chase Bank ("the lender") with maturities of 30 days or less. The rate of interest on the Money Market Loan borrowing is set at the time of each borrowing. As of October 29, 2008, the Company had no outstanding borrowings

under this Money Market Loan program.

Mortgages, Loans Payable and Other Obligations:

The Company has mortgages, loans payable and other obligations which consist of various loans collateralized by certain of the Company's rental properties. Payments on mortgages, loans payable and other obligations are generally due in monthly installments of principal and interest, or interest only.

On October 28, 2008, the Company obtained \$240 million in mortgage financing from The Northwestern Mutual Life Insurance Company and New York Life Insurance Company as co-lenders. The mortgage loan, which is collateralized by its Harborside Plaza 5 office property, bears interest at a rate of 6.8 percent per annum and carries a 10-year term. Proceeds from the loan were used to pay down outstanding borrowings under the Company's unsecured revolving credit facility.

Debt Strategy:

The Company does not intend to reserve funds to retire the Company's senior unsecured notes or its mortgages, loans payable and other obligations upon maturity. Instead, the Company will seek to refinance such debt at maturity or retire such debt through the issuance of additional equity or debt securities on or before the applicable maturity dates. If it cannot raise sufficient proceeds to retire the maturing debt, the Company may draw on its revolving credit facility to retire the maturing indebtedness, which would reduce the future availability of funds under such facility. As of October 29, 2008, the Company had \$95 million in outstanding borrowings under its \$775 million unsecured revolving credit facility, and no outstanding borrowings under the Money Market Loan. The Company is reviewing various refinancing options, including the purchase of its senior unsecured notes in privately-negotiated transactions, the issuance of additional, or exchange of current, unsecured debt, preferred stock, and/or obtaining additional mortgage debt, some or all of which may be completed during 2008. The Company anticipates that its available cash and cash equivalents and cash flows from operating activities, together with cash available from borrowings and other sources, will be adequate to meet the Company's capital and liquidity needs both in the short and long-term. However, if these sources of funds are insufficient or unavailable, the Company's ability to make the expected distributions discussed in "REIT Restrictions" above may be adversely affected.

Many commercial real estate lenders have substantially tightened underwriting standards or have withdrawn from the lending marketplace. Also, spreads in the investment grade bond market have substantially widened. These circumstances have materially impacted liquidity in the debt markets, making financing terms less attractive, and in certain cases have resulted in the unavailability of certain types of debt financing. As a result, the Company expects debt financings will be more difficult to obtain and that borrowing costs on new and refinanced debt will be more expensive. Moreover, the recent volatility in the financial markets, in general, will make it more difficult or costly, or even impossible, for the Company to raise capital through the issuance of common stock, preferred stock or other equity instruments or through public issuances of debt securities from its shelf registration statements as it has been able to do in the past.

Equity Financing and Registration Statements

Equity Activity:

The following table presents the changes in the Company's issued and outstanding shares of Common Stock and the Operating Partnership's common units for the nine months ended September 30, 2008:

	Common Stock	Common Units	Total
Outstanding at January 1, 2008	65,558,073	14,985,538	80,543,611
Stock options exercised	81,675	--	81,675
Common units redeemed for Common Stock	--	(129,399)	--
Shares issued under Dividend Reinvestment and Stock Purchase Plan	6,663	--	6,663
Issuance of restricted stock	250,886	--	250,886
Repurchase of Common Stock	(151,230)	--	(151,230)

Outstanding at September 30, 2008

65,875,466 14,856,139 80,731,605

Share Repurchase Program:

The Company has a share repurchase program which was authorized by its Board of Directors in September 2007 to purchase up to \$150 million of the Company's outstanding common stock ("Repurchase Program"), which it may repurchase from time to time in open market transactions at prevailing prices or through privately negotiated transactions. As of September 30, 2008, the Company had a remaining authorization under the Repurchase Program of \$46 million.

Shelf Registration Statements:

The Company has an effective shelf registration statement on Form S-3 filed with the Securities and Exchange Commission ("SEC") for an aggregate amount of \$2.0 billion in common stock, preferred stock, depositary shares, and/or warrants of the Company, under which \$260.1 million of securities have been sold through October 23, 2008 and \$1.7 billion remains available for future issuances.

The Company and the Operating Partnership also have an effective shelf registration statement on Form S-3 filed with the SEC for an aggregate amount of \$2.5 billion in common stock, preferred stock, depositary shares and guarantees of the Company and debt securities of the Operating Partnership, under which \$600 million of securities have been sold through October 23, 2008 and \$1.9 billion remains available for future issuances.

Off-Balance Sheet Arrangements

Unconsolidated Joint Venture Debt:

The debt of the Company's unconsolidated joint ventures are generally non-recourse to the Company except for customary exceptions pertaining to such matters as intentional misuse of funds, environmental conditions and material misrepresentations. The Company has also posted a \$6.7 million letter of credit in support of the Harborside South Pier joint venture, \$3.4 million of which is indemnified by Hyatt.

The Company's off-balance sheet arrangements are further discussed in Note 3: Investments in Unconsolidated Joint Ventures to the Financial Statements.

Contractual Obligations

The following table outlines the timing of payment requirements related to the Company's debt (principal and interest), PILOT agreements, ground lease and other agreements as of September 30, 2008:

(dollars in thousands)	Total	Payments Due by Period				
		Less than 1 Year	1 – 3 Years	4 – 5 Years	6 – 10 Years	After 10 Years
Senior unsecured notes	\$2,005,780	\$389,619	\$602,701	\$402,954	\$610,506	--
Revolving credit facility	318,9289,428		309,500	--	--	--
Mortgages, loans payable and other obligations	356,93835,584		191,077	50,868	79,409	--
Payments in lieu of taxes (PILOT)	62,7644,193		12,856	8,780	24,289	\$12,646
Ground lease payments	37,100515		1,507	1,023	2,328	31,727

Total	\$2,781,510	\$439,339	\$1,117,641	\$463,625	\$716,532	\$44,373
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Inflation

The Company's leases with the majority of its tenants provide for recoveries and escalation charges based upon the tenant's proportionate share of, and/or increases in, real estate taxes and certain operating costs, which reduce the Company's exposure to increases in operating costs resulting from inflation.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

We consider portions of this information, including the documents incorporated by reference, to be forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 21E of such act. Such forward-looking statements relate to, without limitation, our future economic performance, plans and objectives for future operations and projections of revenue and other financial items. Forward-looking statements can be identified by the use of words such as “may,” “will,” “plan,” “should,” “expect,” “anticipate,” “estimate,” “continue” or comparable terminology. Forward-looking statements are inherently subject to risks and uncertainties, many of which we cannot predict with accuracy and some of which we might not even anticipate. Although we believe that the expectations reflected in such forward-looking statements are based upon reasonable assumptions at the time made, we can give no assurance that such expectations will be achieved. Future events and actual results, financial and otherwise, may differ materially from the results discussed in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

Among the factors about which we have made assumptions are:

- changes in the general economic climate and conditions, including those affecting industries in which our principal tenants compete;
- the extent of any tenant bankruptcies or of any early lease terminations;
- our ability to lease or re-lease space at current or anticipated rents;
- changes in the supply of and demand for office, office/flex and industrial/warehouse properties;
- changes in interest rate levels;
- changes in operating costs;
- our ability to obtain adequate insurance, including coverage for terrorist acts;
- the availability of financing;
- changes in governmental regulation, tax rates and similar matters; and
- other risks associated with the development and acquisition of properties, including risks that the development may not be completed on schedule, that the tenants will not take occupancy or pay rent, or that development or operating costs may be greater than anticipated.

For further information on factors which could impact us and the statements contained herein, see Item 1A: Risk Factors, in our annual report on Form 10-K for the fiscal year ended December 31, 2007. We assume no obligation to update and supplement forward-looking statements that become untrue because of subsequent events, new information or otherwise.

Market risk is the exposure to loss resulting from changes in interest rates, foreign currency exchange rates, commodity prices and equity prices. In pursuing its business plan, the primary market risk to which the Company is exposed is interest rate risk. Changes in the general level of interest rates prevailing in the financial markets may affect the spread between the Company's yield on invested assets and cost of funds and, in turn, its ability to make distributions or payments to its investors.

Approximately \$1.9 billion of the Company's long-term debt and other obligations bears interest at fixed rates and therefore the fair value of these instruments is affected by changes in market interest rates. The following table presents principal cash flows based upon maturity dates of the debt obligations and the related weighted-average interest rates by expected maturity dates for the fixed rate debt. The interest rate on the variable rate debt as of September 30, 2008, was LIBOR plus 55 basis points.

(dollars in thousands)

September 30, 2008 Debt, including current portion	Maturity Date						Total Fair Value
	10/1/08 – 12/31/08	2009	2010	2011	2012	Thereafter	
Fixed Rate	\$5,360	\$314,115	\$336,407	\$302,329	\$212,806	\$766,844	\$1,937,861
Average Interest Rate	4.94%	7.37%	5.26%	7.91%	6.13%	5.41%	6.16%
Variable Rate				\$293,000		\$ 293,000	\$ 283,702

While the Company has not experienced any significant credit losses, in the event of a significant rising interest rate environment and/or economic downturn, defaults could increase and result in losses to the Company which could adversely affect its operating results and liquidity.

Item 4. Controls and Procedures

Disclosure Controls and Procedures. The Company's management, with the participation of the Company's president and chief executive officer and chief financial officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on such evaluation, the Company's president and chief executive officer and chief financial officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act.

Internal Control Over Financial Reporting. There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

MACK-CALI REALTY CORPORATION

Part II – Other Information

Item 1. Legal Proceedings

There are no material pending legal proceedings, other than ordinary routine litigation incidental to its business, to which the Company is a party or to which any of the Properties is subject.

Item 1A. Risk Factors

Not Applicable.

MACK-CALI REALTY CORPORATION

Part II – Other Information (continued)

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) COMMON STOCK

During the three months ended September 30, 2008, the Company issued 74,999 shares of common stock to holders of common units in the Operating Partnership upon the redemption of such common units in private offerings pursuant to Section 4(2) of the Securities Act. The holders of the common units were limited partners of the Operating Partnership and accredited investors under Rule 501 of the Securities Act. The common units were converted into an equal number of shares of common stock. The Company has registered the resale of such shares under the Securities Act.

(b) Not Applicable.

(c) Not Applicable.

Item 3. Defaults Upon Senior Securities

Not Applicable.

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

Not Applicable.

MACK-CALI REALTY CORPORATION

Part II – Other Information (continued)

Item 5. Other Information

(a) On October 28, 2008, the Company obtained \$240 million in mortgage financing from The Northwestern Mutual Life Insurance Company and New York Life Insurance Company as co-lenders. The mortgage loan, which is collateralized by the Company's Harborside Plaza 5 office property, bears interest at a rate of 6.8 percent per annum and matures on November 1, 2018. Combined monthly principal and interest payments under the mortgage loans will be \$1,564,622. The mortgage loan includes customary events of default which, subject to notice and cure periods, provide for the acceleration of all payments under the loans upon the occurrence of an event of default. Proceeds from the loan were used to pay down outstanding borrowings under the Company's unsecured revolving credit facility.

(b) None.

Item 6. Exhibits

The exhibits required by this item are set forth on the Exhibit Index attached hereto.

MACK-CALI REALTY CORPORATION

EXHIBIT INDEX

Exhibit Number	Exhibit Title
3.1	Restated Charter of Mack-Cali Realty Corporation dated June 11, 2001 (filed as Exhibit 3.1 to the Company's Form 10-Q dated June 30, 2001 and incorporated herein by reference).
3.2	Amended and Restated Bylaws of Mack-Cali Realty Corporation dated June 10, 1999 (filed as Exhibit 3.2 to the Company's Form 8-K dated June 10, 1999 and incorporated herein by reference).
3.3	Amendment No. 1 to the Amended and Restated Bylaws of Mack-Cali Realty Corporation dated March 4, 2003, (filed as Exhibit 3.3 to the Company's Form 10-Q dated March 31, 2003 and incorporated herein by reference).
3.4	Amendment No. 2 to the Mack-Cali Realty Corporation Amended and Restated Bylaws dated May 24, 2006 (filed as Exhibit 3.1 to the Company's Form 8-K dated May 24, 2006 and incorporated herein by reference).
3.5	Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. dated December 11, 1997 (filed as Exhibit 10.110 to the Company's Form 8-K dated December 11, 1997 and incorporated herein by reference).
3.6	Amendment No. 1 to the Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. dated August 21, 1998 (filed as Exhibit 3.1 to the Company's and the Operating Partnership's Registration Statement on Form S-3, Registration No. 333-57103, and incorporated herein by reference).
3.7	Second Amendment to the Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. dated July 6, 1999 (filed as Exhibit 10.1 to the Company's Form 8-K dated July 6, 1999 and incorporated herein by reference).
3.8	Third Amendment to the Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. dated September 30, 2003 (filed as Exhibit 3.7 to the Company's Form 10-Q dated September 30, 2003 and incorporated herein by reference).
3.9	Certificate of Designation of Series B Preferred Operating Partnership Units of Limited Partnership Interest of Mack-Cali Realty, L.P. (filed as Exhibit 10.101 to the Company's Form 8-K dated December 11, 1997 and incorporated herein by reference).

- 3.10 Articles Supplementary for the 8% Series C Cumulative Redeemable Perpetual Preferred Stock dated March 11, 2003 (filed as Exhibit 3.1 to the Company's Form 8-K dated March 14, 2003 and incorporated herein by reference).
- 3.11 Certificate of Designation for the 8% Series C Cumulative Redeemable Perpetual Preferred Operating Partnership Units dated March 14, 2003 (filed as Exhibit 3.2 to the Company's Form 8-K dated March 14, 2003 and incorporated herein by reference).

Exhibit Number	Exhibit Title
4.1	Amended and Restated Shareholder Rights Agreement, dated as of March 7, 2000, between Mack-Cali Realty Corporation and EquiServe Trust Company, N.A., as Rights Agent (filed as Exhibit 4.1 to the Company's Form 8-K dated March 7, 2000 and incorporated herein by reference).
4.2	Amendment No. 1 to the Amended and Restated Shareholder Rights Agreement, dated as of June 27, 2000, by and among Mack-Cali Realty Corporation and EquiServe Trust Company, N.A. (filed as Exhibit 4.1 to the Company's Form 8-K dated June 27, 2000 and incorporated herein by reference).
4.3	Indenture dated as of March 16, 1999, by and among Mack-Cali Realty, L.P., as issuer, Mack-Cali Realty Corporation, as guarantor, and Wilmington Trust Company, as trustee (filed as Exhibit 4.1 to the Operating Partnership's Form 8-K dated March 16, 1999 and incorporated herein by reference).
4.4	Supplemental Indenture No. 1 dated as of March 16, 1999, by and among Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Operating Partnership's Form 8-K dated March 16, 1999 and incorporated herein by reference).
4.5	Supplemental Indenture No. 2 dated as of August 2, 1999, by and among Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.4 to the Operating Partnership's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
4.6	Supplemental Indenture No. 3 dated as of December 21, 2000, by and among Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Operating Partnership's Form 8-K dated December 21, 2000 and incorporated herein by reference).
4.7	Supplemental Indenture No. 4 dated as of January 29, 2001, by and among Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Operating Partnership's Form 8-K dated January 29, 2001 and incorporated herein by reference).
4.8	Supplemental Indenture No. 5 dated as of December 20, 2002, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Operating Partnership's Form 8-K dated December 20, 2002 and incorporated herein by reference).
4.9	Supplemental Indenture No. 6 dated as of March 14, 2003, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated March 14, 2003 and incorporated herein by reference).

- 4.10 Supplemental Indenture No. 7 dated as of June 12, 2003, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated June 12, 2003 and incorporated herein by reference).
- 4.11 Supplemental Indenture No. 8 dated as of February 9, 2004, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated February 9, 2004 and incorporated herein by reference).

Exhibit Number	Exhibit Title
4.12	Supplemental Indenture No. 9 dated as of March 22, 2004, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated March 22, 2004 and incorporated herein by reference).
4.13	Supplemental Indenture No. 10 dated as of January 25, 2005, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated January 25, 2005 and incorporated herein by reference).
4.14	Supplemental Indenture No. 11 dated as of April 15, 2005, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated April 15, 2005 and incorporated herein by reference).
4.15	Supplemental Indenture No. 12 dated as of November 30, 2005, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated November 30, 2005 and incorporated herein by reference).
4.16	Supplemental Indenture No. 13 dated as of January 24, 2006, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated January 18, 2006 and incorporated herein by reference).
4.17	Deposit Agreement dated March 14, 2003 by and among Mack-Cali Realty Corporation, EquiServe Trust Company, N.A., and the holders from time to time of the Depositary Receipts described therein (filed as Exhibit 4.1 to the Company's Form 8-K dated March 14, 2003 and incorporated herein by reference).
10.1	Amended and Restated Employment Agreement dated as of July 1, 1999 between Mitchell E. Hersh and Mack-Cali Realty Corporation (filed as Exhibit 10.2 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.2	Second Amended and Restated Employment Agreement dated as of July 1, 1999 between Barry Lefkowitz and Mack-Cali Realty Corporation (filed as Exhibit 10.6 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.3	Second Amended and Restated Employment Agreement dated as of July 1, 1999 between Roger W. Thomas and Mack-Cali Realty Corporation (filed as Exhibit 10.7 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).

- 10.4 Employment Agreement dated as of December 5, 2000 between Michael Grossman and Mack-Cali Realty Corporation (filed as Exhibit 10.5 to the Company's Form 10-K for the year ended December 31, 2000 and incorporated herein by reference).
- 10.5 Employment Agreement dated as of May 9, 2006 by and between Mark Yeager and Mack-Cali Realty Corporation (filed as Exhibit 10.15 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.6	Restricted Share Award Agreement dated as of July 1, 1999 between Mitchell E. Hersh and Mack-Cali Realty Corporation (filed as Exhibit 10.8 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.7	Restricted Share Award Agreement dated as of July 1, 1999 between Barry Lefkowitz and Mack-Cali Realty Corporation (filed as Exhibit 10.12 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.8	Restricted Share Award Agreement dated as of July 1, 1999 between Roger W. Thomas and Mack-Cali Realty Corporation (filed as Exhibit 10.13 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.9	Restricted Share Award Agreement dated as of March 12, 2001 between Roger W. Thomas and Mack-Cali Realty Corporation (filed as Exhibit 10.10 to the Company's Form 10-Q dated March 31, 2001 and incorporated herein by reference).
10.10	Restricted Share Award Agreement dated as of March 12, 2001 between Michael Grossman and Mack-Cali Realty Corporation (filed as Exhibit 10.11 to the Company's Form 10-Q dated March 31, 2001 and incorporated herein by reference).
10.11	Restricted Share Award Agreement effective as of January 2, 2003 by and between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.1 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.12	Tax Gross Up Agreement effective as of January 2, 2003 by and between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.2 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.13	First Amendment effective as of January 2, 2003 to the Restricted Share Award Agreement dated July 1, 1999 between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.3 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.14	Restricted Share Award Agreement effective as of January 2, 2003 by and between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.7 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).

- 10.15 Tax Gross Up Agreement effective as of January 2, 2003 by and between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.8 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
- 10.16 First Amendment effective as of January 2, 2003 to the Restricted Share Award Agreement dated July 1, 1999 between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.9 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.17	Restricted Share Award Agreement effective as of January 2, 2003 by and between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.10 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.18	Tax Gross Up Agreement effective as of January 2, 2003 by and between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.11 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.19	First Amendment effective as of January 2, 2003 to the Restricted Share Award Agreement dated July 1, 1999 between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.12 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.20	First Amendment effective as of January 2, 2003 to the Restricted Share Award Agreement dated March 12, 2001 between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.13 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.21	Restricted Share Award Agreement effective as of January 2, 2003 by and between Mack-Cali Realty Corporation and Michael A. Grossman (filed as Exhibit 10.14 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.22	Tax Gross Up Agreement effective as of January 2, 2003 by and between Mack-Cali Realty Corporation and Michael A. Grossman (filed as Exhibit 10.15 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.23	Restricted Share Award Agreement dated December 6, 1999 by and between Mack-Cali Realty Corporation and Michael A. Grossman (filed as Exhibit 10.16 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.24	First Amendment effective as of January 2, 2003 to the Restricted Share Award Agreement dated December 6, 1999 between Mack-Cali Realty Corporation and Michael A. Grossman (filed as Exhibit 10.17 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.25	First Amendment effective as of January 2, 2003 to the Restricted Share Award Agreement dated March 12, 2001 between Mack-Cali Realty Corporation and Michael A. Grossman (filed as Exhibit 10.18 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).

- 10.26 Restricted Share Award Agreement effective as of December 2, 2003 by and between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.1 to the Company's Form 8-K dated December 2, 2003 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.27	Tax Gross Up Agreement effective as of December 2, 2003 by and between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.2 to the Company's Form 8-K dated December 2, 2003 and incorporated herein by reference).
10.28	Restricted Share Award Agreement effective as of December 2, 2003 by and between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.5 to the Company's Form 8-K dated December 2, 2003 and incorporated herein by reference).
10.29	Tax Gross Up Agreement effective as of December 2, 2003 by and between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.6 to the Company's Form 8-K dated December 2, 2003 and incorporated herein by reference).
10.30	Restricted Share Award Agreement effective as of December 2, 2003 by and between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.7 to the Company's Form 8-K dated December 2, 2003 and incorporated herein by reference).
10.31	Tax Gross Up Agreement effective as of December 2, 2003 by and between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.8 to the Company's Form 8-K dated December 2, 2003 and incorporated herein by reference).
10.32	Restricted Share Award Agreement effective as of December 2, 2003 by and between Mack-Cali Realty Corporation and Michael Grossman (filed as Exhibit 10.9 to the Company's Form 8-K dated December 2, 2003 and incorporated herein by reference).
10.33	Tax Gross Up Agreement effective as of December 2, 2003 by and between Mack-Cali Realty Corporation and Michael Grossman (filed as Exhibit 10.10 to the Company's Form 8-K dated December 2, 2003 and incorporated herein by reference).
10.34	Restricted Share Award Agreement effective December 7, 2004 by and between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.2 to the Company's Form 8-K dated December 7, 2004 and incorporated herein by reference).
10.35	Tax Gross Up Agreement effective December 7, 2004 by and between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.3 to the Company's Form 8-K dated December 7, 2004 and incorporated herein by reference).

- 10.36 Restricted Share Award Agreement effective December 7, 2004 by and between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.4 to the Company's Form 8-K dated December 7, 2004 and incorporated herein by reference).
- 10.37 Tax Gross Up Agreement effective December 7, 2004 by and between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.5 to the Company's Form 8-K dated December 7, 2004 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.38	Restricted Share Award Agreement effective December 7, 2004 by and between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.6 to the Company's Form 8-K dated December 7, 2004 and incorporated herein by reference).
10.39	Tax Gross Up Agreement effective December 7, 2004 by and between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.7 to the Company's Form 8-K dated December 7, 2004 and incorporated herein by reference).
10.40	Restricted Share Award Agreement effective December 7, 2004 by and between Mack-Cali Realty Corporation and Michael A. Grossman (filed as Exhibit 10.8 to the Company's Form 8-K dated December 7, 2004 and incorporated herein by reference).
10.41	Tax Gross Up Agreement effective December 7, 2004 by and between Mack-Cali Realty Corporation and Michael A. Grossman (filed as Exhibit 10.9 to the Company's Form 8-K dated December 7, 2004 and incorporated herein by reference).
10.42	Restricted Share Award Agreement effective December 6, 2005 by and between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.2 to the Company's Form 8-K dated December 6, 2005 and incorporated herein by reference).
10.43	Tax Gross Up Agreement effective December 6, 2005 by and between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.3 to the Company's Form 8-K dated December 6, 2005 and incorporated herein by reference).
10.44	Restricted Share Award Agreement effective December 6, 2005 by and between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.4 to the Company's Form 8-K dated December 6, 2005 and incorporated herein by reference).
10.45	Tax Gross Up Agreement effective December 6, 2005 by and between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.5 to the Company's Form 8-K dated December 6, 2005 and incorporated herein by reference).
10.46	Restricted Share Award Agreement effective December 6, 2005 by and between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.6 to the Company's Form 8-K dated December 6, 2005 and incorporated herein by reference).

- 10.47 Tax Gross Up Agreement effective December 6, 2005 by and between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.7 to the Company's Form 8-K dated December 6, 2005 and incorporated herein by reference).
- 10.48 Restricted Share Award Agreement effective December 6, 2005 by and between Mack-Cali Realty Corporation and Michael A. Grossman (filed as Exhibit 10.8 to the Company's Form 8-K dated December 6, 2005 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.49	Tax Gross Up Agreement effective December 6, 2005 by and between Mack-Cali Realty Corporation and Michael A. Grossman (filed as Exhibit 10.9 to the Company's Form 8-K dated December 6, 2005 and incorporated herein by reference).
10.50	Restricted Share Award Agreement by and between Mack-Cali Realty Corporation and Mark Yeager (filed as Exhibit 10.16 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.51	Restricted Share Award Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.1 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.52	Tax Gross Up Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.2 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.53	Restricted Share Award Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.3 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.54	Tax Gross Up Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.4 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.55	Restricted Share Award Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.5 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.56	Tax Gross Up Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.6 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.57	Restricted Share Award Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.7 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).

- 10.58 Tax Gross Up Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.8 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.59	Restricted Share Award Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.9 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.60	Tax Gross Up Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.10 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.61	Restricted Share Award Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.11 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.62	Tax Gross Up Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.12 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.63	Restricted Share Award Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Michael A. Grossman (filed as Exhibit 10.13 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.64	Tax Gross Up Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Michael A. Grossman (filed as Exhibit 10.14 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.65	Restricted Share Award Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Michael A. Grossman (filed as Exhibit 10.15 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.66	Tax Gross Up Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Michael A. Grossman (filed as Exhibit 10.16 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.67	Restricted Share Award Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Mark Yeager (filed as Exhibit 10.17 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).

- 10.68 Tax Gross Up Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Mark Yeager (filed as Exhibit 10.18 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
- 10.69 Restricted Share Award Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Mark Yeager (filed as Exhibit 10.19 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.70	Tax Gross Up Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Mark Yeager (filed as Exhibit 10.20 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.71	Form of Multi-Year Restricted Share Award Agreement (filed as Exhibit 10.1 to the Company's Form 8-K dated September 12, 2007 and incorporated herein by reference).
10.72	Form of Tax Gross-Up Agreement (filed as Exhibit 10.2 to the Company's Form 8-K dated September 12, 2007 and incorporated herein by reference).
10.73	Form of Restricted Share Award Agreement effective December 4, 2007 by and between Mack-Cali Realty Corporation and each of Mitchell E. Hersh, Barry Lefkowitz, Michael Grossman, Mark Yeager and Roger W. Thomas (filed as Exhibit 10.1 to the Company's Form 8-K dated December 4, 2007 and incorporated herein by reference).
10.74	Form of Tax Gross-Up Agreement effective December 4, 2007 by and between Mack-Cali Realty Corporation and each of Mitchell E. Hersh, Barry Lefkowitz, Michael Grossman, Mark Yeager and Roger W. Thomas (filed as Exhibit 10.2 to the Company's Form 8-K dated December 4, 2007 and incorporated herein by reference).
10.75	Amended and Restated Revolving Credit Agreement dated as of September 27, 2002, among Mack-Cali Realty, L.P. and JPMorgan Chase Bank, Fleet National Bank and Other Lenders Which May Become Parties Thereto with JPMorgan Chase Bank, as administrative agent, swing lender and fronting bank, Fleet National Bank and Commerzbank AG, New York and Grand Cayman branches as syndication agents, Bank of America, N.A. and Wells Fargo Bank, National Association, as documentation agents, and J.P. Morgan Securities Inc. and Fleet Securities, Inc, as arrangers (filed as Exhibit 10.1 to the Company's Form 8-K dated September 27, 2002 and incorporated herein by reference).
10.76	Second Amended and Restated Revolving Credit Agreement among Mack-Cali Realty, L.P., JPMorgan Chase Bank, N.A., Bank of America, N.A., and other lending institutions that are or may become a party to the Second Amended and Restated Revolving Credit Agreement dated as of November 23, 2004 (filed as Exhibit 10.1 to the Company's Form 8-K dated November 23, 2004 and incorporated herein by reference).
10.77	Extension and Modification Agreement dated as of September 16, 2005 by and among Mack-Cali Realty, L.P., JPMorgan Chase Bank, N.A., as administrative agent, and the several Lenders Party thereto (filed as Exhibit 10.1 to the

Company's Form 8-K dated September 16, 2005 and incorporated herein by reference).

- 10.78 Second Modification Agreement dated as of July 14, 2006 by and among Mack-Cali Realty, L.P., JPMorgan Chase Bank, N.A., as administrative agent, and the several Lenders party thereto (filed as Exhibit 10.1 to the Company's Form 8-K dated July 14, 2006 and incorporated herein by reference).
- 10.79 Extension and Third Modification Agreement dated as of June 22, 2007 by and among Mack-Cali Realty, L.P., JPMorgan Chase Bank, N.A., as administrative agent, and the several Lenders party thereto. (filed as Exhibit 10.1 to the Company's Form 8-K dated June 22, 2007 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.80	Fourth Modification Agreement dated as of September 21, 2007 by and among Mack Cali Realty, L.P., JPMorgan Chase Bank, N.A., as administrative agent and the several Lenders party thereto (filed as Exhibit 10.1 to the Company's Form 8-K dated September 21, 2007 and incorporated herein by reference).
10.81	Amended and Restated Master Loan Agreement dated as of November 12, 2004 among Mack-Cali Realty, L.P., and Affiliates of Mack-Cali Realty Corporation and Mack-Cali Realty, L.P., as Borrowers, Mack-Cali Realty Corporation and Mack-Cali Realty L.P., as Guarantors and The Prudential Insurance Company of America, as Lender (filed as Exhibit 10.1 to the Company's Form 8-K dated November 12, 2004 and incorporated herein by reference).
10.82	Contribution and Exchange Agreement among The MK Contributors, The MK Entities, The Patriot Contributors, The Patriot Entities, Patriot American Management and Leasing Corp., Cali Realty, L.P. and Cali Realty Corporation, dated September 18, 1997 (filed as Exhibit 10.98 to the Company's Form 8-K dated September 19, 1997 and incorporated herein by reference).
10.83	First Amendment to Contribution and Exchange Agreement, dated as of December 11, 1997, by and among the Company and the Mack Group (filed as Exhibit 10.99 to the Company's Form 8-K dated December 11, 1997 and incorporated herein by reference).
10.84	Employee Stock Option Plan of Mack-Cali Realty Corporation (filed as Exhibit 10.1 to the Company's Post-Effective Amendment No. 1 to Form S-8, Registration No. 333-44443, and incorporated herein by reference).
10.85	Director Stock Option Plan of Mack-Cali Realty Corporation (filed as Exhibit 10.2 to the Company's Post-Effective Amendment No. 1 to Form S-8, Registration No. 333-44443, and incorporated herein by reference).
10.86	2000 Employee Stock Option Plan (filed as Exhibit 10.1 to the Company's Registration Statement on Form S-8, Registration No. 333-52478, and incorporated herein by reference), as amended by the First Amendment to the 2000 Employee Stock Option Plan (filed as Exhibit 10.17 to the Company's Form 10-Q dated June 30, 2002 and incorporated herein by reference).
10.87	Amended and Restated 2000 Director Stock Option Plan (filed as Exhibit 10.2 to the Company's Post-Effective Amendment No. 1 to Registration Statement on Form S-8, Registration No. 333-100244, and incorporated herein by reference).
10.88	Mack-Cali Realty Corporation 2004 Incentive Stock Plan (filed as Exhibit 10.1 to the Company's Registration Statement on Form S-8, Registration

No. 333-116437, and incorporated herein by reference).

- 10.89 Deferred Compensation Plan for Directors (filed as Exhibit 10.1 to the Company's Registration Statement on Form S-8, Registration No. 333-80081, and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.90	Form of Indemnification Agreement by and between Mack-Cali Realty Corporation and each of William L. Mack, John J. Cali, Mitchell E. Hersh, John R. Cali, David S. Mack, Martin S. Berger, Alan S. Bernikow, Kenneth M. Duberstein, Martin D. Gruss, Nathan Gantcher, Vincent Tese, Roy J. Zuckerberg, Alan G. Philiposian, Irvin D. Reid, Robert F. Weinberg, Barry Lefkowitz, Roger W. Thomas, Michael A. Grossman, Mark Yeager, Anthony Krug, Dean Cingolani, Anthony DeCaro Jr., Mark Durno, William Fitzpatrick, John Kropke, Nicholas Mitarotonda, Jr., Michael Nevins, Virginia Sobol, Albert Spring, Daniel Wagner, Deborah Franklin, John Marazzo, Christopher DeLorenzo, Jeffrey Warner, Diane Chayes and James Corrigan (filed as Exhibit 10.28 to the Company's Form 10-Q dated September 30, 2002 and incorporated herein by reference).
10.91	Indemnification Agreement dated October 22, 2002 by and between Mack-Cali Realty Corporation and John Crandall (filed as Exhibit 10.29 to the Company's Form 10-Q dated September 30, 2002 and incorporated herein by reference).
10.92	Second Amendment to Contribution and Exchange Agreement, dated as of June 27, 2000, between RMC Development Company, LLC f/k/a Robert Martin Company, LLC, Robert Martin Eastview North Company, L.P., the Company and the Operating Partnership (filed as Exhibit 10.44 to the Company's Form 10-K dated December 31, 2002 and incorporated herein by reference).
10.93	Limited Partnership Agreement of Meadowlands Mills/Mack-Cali Limited Partnership by and between Meadowlands Mills Limited Partnership, Mack-Cali Meadowlands Entertainment L.L.C. and Mack-Cali Meadowlands Special L.L.C. dated November 25, 2003 (filed as Exhibit 10.1 to the Company's Form 8-K dated December 3, 2003 and incorporated herein by reference).
10.94	Redevelopment Agreement by and between the New Jersey Sports and Exposition Authority and Meadowlands Mills/Mack-Cali Limited Partnership dated December 3, 2003 (filed as Exhibit 10.2 to the Company's Form 8-K dated December 3, 2003 and incorporated herein by reference).
10.95	First Amendment to Redevelopment Agreement by and between the New Jersey Sports and Exposition Authority and Meadowlands Mills/Mack-Cali Limited Partnership dated October 5, 2004 (filed as Exhibit 10.54 to the Company's Form 10-Q dated September 30, 2004 and incorporated herein by reference).
10.96	Letter Agreement by and between Mack-Cali Realty Corporation and The Mills Corporation dated October 5, 2004 (filed as Exhibit 10.55 to the Company's Form 10-Q dated September 30, 2004 and incorporated herein by reference).

reference).

- 10.97 First Amendment to Limited Partnership Agreement of Meadowlands Mills/Mack-Cali Limited Partnership by and between Meadowlands Mills Limited Partnership, Mack-Cali Meadowlands Entertainment L.L.C. and Mack-Cali Meadowlands Special L.L.C. dated as of June 30, 2005 (filed as Exhibit 10.66 to the Company's Form 10-Q dated June 30, 2005 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.98	Mack-Cali Rights, Obligations and Option Agreement by and between Meadowlands Developer Limited Partnership, Meadowlands Limited Partnership, Meadowlands Developer Holding Corp., Meadowlands Mack-Cali GP, L.L.C., Mack-Cali Meadowlands Special, L.L.C., Baseball Meadowlands Mills/Mack-Cali Limited Partnership, A-B Office Meadowlands Mack-Cali Limited Partnership, C-D Office Meadowlands Mack-Cali Limited Partnership, Hotel Meadowlands Mack-Cali Limited Partnership and ERC Meadowlands Mills/Mack-Cali Limited Partnership dated November 22, 2006 (filed as Exhibit 10.92 to the Company's Form 10-K dated December 31, 2006 and incorporated herein by reference).
10.99	Redemption Agreement by and among Meadowlands Developer Limited Partnership, Meadowlands Developer Holding Corp., Mack-Cali Meadowlands entertainment L.L.C., Mack-Cali Meadowlands Special L.L.C., and Meadowlands Limited Partnership dated November 22, 2006 (filed as Exhibit 10.93 to the Company's Form 10-K dated December 31, 2006 and incorporated herein by reference).
10.100	Contribution and Exchange Agreement by and between Mack-Cali Realty, L.P. and Tenth Springhill Lake Associates L.L.L.P., Eleventh Springhill Lake Associates L.L.L.P., Twelfth Springhill Lake Associates L.L.L.P., Fourteenth Springhill Lake Associates L.L.L.P., each a Maryland limited liability limited partnership, Greenbelt Associates, a Maryland general partnership, and Sixteenth Springhill Lake Associates L.L.L.P., a Maryland limited liability limited partnership, and certain other natural persons, dated as of November 21, 2005 (filed as Exhibit 10.69 to the Company's Form 10-K dated December 31, 2005 and incorporated herein by reference).
10.101	Membership Interest Purchase and Contribution Agreement by and among Mr. Stanley C. Gale, SCG Holding Corp., Mack-Cali Realty Acquisition Corp. and Mack-Cali Realty, L.P. dated as of March 7, 2006 (filed as Exhibit 10.1 to the Company's Form 8-K dated March 7, 2006 and incorporated herein by reference).
10.102	Amendment No. 1 to Membership Interest Purchase and Contribution Agreement dated as of March 31, 2006 (filed as Exhibit 10.1 to the Company's Form 8-K dated March 28, 2006 and incorporated herein by reference).
10.103	Amendment No. 2 to Membership Interest Purchase and Contribution Agreement dated as of May 9, 2006 (filed as Exhibit 10.1 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.104	Amendment No. 8 to Membership Interest Purchase and Contribution Agreement by and among Mr. Stanley C. Gale, SCG Holding Corp., Mack-Cali Realty Acquisition Corp. and Mack-Cali Realty, L.P. dated as of

May 23, 2007 (filed as Exhibit 10.1 to the Company's Form 8-K dated May 23, 2007).

- 10.105 Contribution and Sale Agreement by and among Gale SLG NJ LLC, a Delaware limited liability company, Gale SLG NJ MEZZ LLC, a Delaware limited liability company, and Gale SLG RIDGEFIELD MEZZ LLC, a Delaware limited liability company and Mack-Cali Ventures L.L.C. dated as of March 7, 2006 (filed as Exhibit 10.2 to the Company's Form 8-K dated March 7, 2006 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.106	First Amendment to Contribution and Sale Agreement by and among GALE SLG NJ LLC, a Delaware limited liability company, GALE SLG NJ MEZZ LLC, a Delaware limited liability company, and GALE SLG RIDGEFIELD MEZZ LLC, a Delaware limited liability company, and Mack-Cali Ventures L.L.C., a Delaware limited liability company, dated as of May 9, 2006 (filed as Exhibit 10.4 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.107	Non-Portfolio Property Interest Contribution Agreement by and among Mr. Stanley C. Gale, Mr. Mark Yeager, GCF II Investor LLC, The Gale Investments Company, LLC, Gale & Wentworth Vreeland, LLC, Gale Urban Solutions LLC, MSGW-ONE Campus Investors, LLC, Mack-Cali Realty Acquisition Corp. and Mack-Cali Realty, L.P. dated as of May 9, 2006 (filed as Exhibit 10.2 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.108	Loan Agreement by and among the entities set forth on Exhibit A, collectively, as Borrowers, and Gramercy Warehouse Funding I LLC, as Lender, dated May 9, 2006 (filed as Exhibit 10.5 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.109	Promissory Note of One Grande SPE LLC, 1280 Wall SPE LLC, 10 Sylvan SPE LLC, 5 Independence SPE LLC, 1 Independence SPE LLC, and 3 Becker SPE LLC, as Borrowers, in favor of Gramercy Warehouse Funding I, LLC, as Lender, in the principal amount of \$90,286,551 dated May 9, 2006 (filed as Exhibit 10.6 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.110	Mortgage, Security Agreement and Fixture Filing by and between 4 Becker SPE LLC, as Borrower, and Wachovia Bank, National Association, as Lender, dated May 9, 2006 (filed as Exhibit 10.7 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.111	Promissory Note of 4 Becker SPE LLC, as Borrower, in favor of Wachovia Bank, National Association, as Lender, in the principal amount of \$43,000,000 dated May 9, 2006 (filed as Exhibit 10.8 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.112	Mortgage, Security Agreement and Fixture Filing by and between 210 Clay SPE LLC, as Borrower, and Wachovia Bank, National Association, as Lender, dated May 9, 2006 (filed as Exhibit 10.9 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.113	Promissory Note of 210 Clay SPE LLC, as Borrower, in favor of Wachovia Bank, National Association, as Lender, in the principal amount of \$16,000,000

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dated May 9, 2006 (filed as Exhibit 10.10 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).

- 10.114 Mortgage, Security Agreement and Fixture Filing by and between 5 Becker SPE LLC, as Borrower, and Wachovia Bank, National Association, as Lender, dated May 9, 2006 (filed as Exhibit 10.11 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
- 10.115 Promissory Note of 5 Becker SPE LLC, as Borrower, in favor of Wachovia Bank, National Association, as Lender, in the principal amount of \$15,500,000 dated May 9, 2006 (filed as Exhibit 10.12 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
- 10.116 Mortgage, Security Agreement and Fixture Filing by and between 51 CHUBB SPE LLC, as Borrower, and Wachovia Bank, National Association, as Lender, dated May 9, 2006 (filed as Exhibit 10.13 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.117	Promissory Note of 51 CHUBB SPE LLC, as Borrower, in favor of Wachovia Bank, National Association, as Lender, in the principal amount of \$4,500,000 dated May 9, 2006 (filed as Exhibit 10.14 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.118	Form of Amended and Restated Limited Liability Company Agreement of Mack-Green-Gale LLC dated _____, 2006 (filed as Exhibit 10.3 to the Company's Form 8-K dated March 7, 2006 and incorporated herein by reference).
10.119	Form of Limited Liability Company Operating Agreement (filed as Exhibit 10.3 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.120	Agreement of Sale and Purchase dated August 9, 2006 by and between Mack-Cali Realty, L.P. and Westcore Properties AC, LLC (filed as Exhibit 10.91 to the Company's Form 10-Q dated September 30, 2006 and incorporated herein by reference).
10.121	First Amendment to Agreement of Sale and Purchase dated September 6, 2006 by and between Mack-Cali Realty, L.P. and Westcore Properties AC, LLC (filed as Exhibit 10.92 to the Company's Form 10-Q dated September 30, 2006 and incorporated herein by reference).
10.122	Second Amendment to Agreement of Sale and Purchase dated September 15, 2006 by and between Mack-Cali Realty, L.P. and Westcore Properties AC, LLC (filed as Exhibit 10.93 to the Company's Form 10-Q dated September 30, 2006 and incorporated herein by reference).
10.123	Agreement of Sale and Purchase dated September 25, 2006 by and between Phelan Realty Associates L.P., 795 Folsom Realty Associates L.P. and Westcore Properties AC, LLC (filed as Exhibit 10.94 to the Company's Form 10-Q dated September 30, 2006 and incorporated herein by reference).
10.124	Membership Interest Purchase and Contribution Agreement dated as of December 28, 2006, by and among NKFGMS Owners, LLC, The Gale Construction Services Company, L.L.C., NKFFM Limited Liability Company, Scott Panzer, Ian Marlow, Newmark & Company Real Estate, Inc. d/b/a Newmark Knight Frank, and Mack-Cali Realty, L.P (filed as Exhibit 10.117 to the Company's Form 10-K dated December 31, 2006 and incorporated herein by reference).
10.125	Operating Agreement of NKFGMS Owners, LLC (filed as Exhibit 10.118 to the Company's Form 10-K dated December 31, 2006 and incorporated herein by reference).

- 10.126 Loans, Sale and Services Agreement dated December 28, 2006 by and between Newmark & Company Real Estate, Inc. d/b/a Newmark Knight Frank, Mack-Cali Realty, L.P., and Newmark Knight Frank Global Management Services, LLC (filed as Exhibit 10.119 to the Company's Form 10-K dated December 31, 2006 and incorporated herein by reference).
- 10.127 Term Loan Agreement among Mack-Cali Realty, L.P. and JPMorgan Chase Bank, N.A. as Administrative Agent, J.P. Morgan Securities Inc. as Arranger, and other lender which may become parties to this Agreement dated November 29, 2006 (filed as Exhibit 10.120 to the Company's Form 10-K dated December 31, 2006 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.128	Agreement of Purchase and Sale among SLG Broad Street A LLC and SLG Broad Street C LLC, as Sellers, and M-C Broad 125 A L.L.C. and M-C Broad 125 C L.L.C., as Purchasers, dated as of March 15, 2007 (filed as Exhibit 10.121 to the Company's Form 10-Q dated March 31, 2007 and incorporated herein by reference).
10.129	Agreement of Purchase and Sale among 500 West Putnam L.L.C., as Seller, and SLG 500 West Putnam LLC, as Purchaser, dated as of March 15, 2007 (filed as Exhibit 10.122 to the Company's Form 10-Q dated March 31, 2007 and incorporated herein by reference).
10.130	Letter Agreement by and between Mack-Cali Realty, L.P., Mack-Cali Realty Acquisition Corp., Mack-Cali Belmar Realty, LLC, M-C Belmar, LLC, Mr. Stanley C. Gale, SCG Holding Corp., Mr. Mark Yeager, GCF II Investor LLC, The Gale Investments Company, LLC, Gale & Wentworth Vreeland, LLC, Gale Urban Solutions LLC, MSGW-ONE Campus Investors, LLC and Gale/Yeager Investments LLC dated October 31, 2007 (filed as Exhibit 10.128 to the Company's Form 10-Q dated September 30, 2007 and incorporated herein by reference).
10.131*	Mortgage and Security Agreement and Financing Statement dated October 28, 2008 between M-C Plaza V L.L.C., Cal-Harbor V Urban Renewal Associates, L.P., Cal-Harbor V Leasing Associates L.L.C., as Mortgagors and The Northwestern Mutual Life Insurance Company and New York Life Insurance Company as Mortgagees.
10.132*	Promissory Note of M-C Plaza V L.L.C., Cal-Harbor V Urban Renewal Associates, L.P., Cal-Harbor V Leasing Associates L.L.C., as Borrowers, in favor of The Northwestern Mutual Life Insurance Company, as Lender, in the principal amount of \$120,000,000, dated October 28, 2008.
10.133*	Promissory Note of M-C Plaza V L.L.C., Cal-Harbor V Urban Renewal Associates, L.P., Cal-Harbor V Leasing Associates L.L.C., as Borrowers, in favor of New York Life Insurance Company, as Lender, in the principal amount of \$120,000,000, dated October 28, 2008.
10.134*	Guarantee of Recourse Obligations of Mack-Cali Realty, L.P. in favor of The Northwestern Mutual Life Insurance Company and New York Life Insurance Company dated October 28, 2008.
31.1*	Certification of the Company's President and Chief Executive Officer, Mitchell E. Hersh, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	

Certification of the Company's Chief Financial Officer, Barry Lefkowitz,
pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1* Certification of the Company's President and Chief Executive Officer, Mitchell
E. Hersh, and the Company's Chief Financial Officer, Barry Lefkowitz,
pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

*filed herewith

