

MACK CALI REALTY CORP

Form 10-Q

July 30, 2009

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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 June 30, 2009

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 organization) (I.R.S. Employer Identification 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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such

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files). Yes \_\_\_ No \_\_\_ (the Registrant is not yet required to submit Interactive Data)

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.

Large accelerated  
filer

Accelerated filer

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 July 28, 2009, there were 78,335,828 shares of the registrant's Common Stock, par  
value \$0.01 per share, outstanding.

MACK-CALI REALTY CORPORATION

FORM 10-Q

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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 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, 2008.

The results of operations for the three and six month periods ended June 30, 2009 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)

	June 30, 2009	December 31, 2008
<b>ASSETS</b>		
Rental property		
Land and leasehold interests	\$774,126	\$731,086
Buildings and improvements	3,949,325	3,792,186
Tenant improvements	426,003	431,616
Furniture, fixtures and equipment	9,358	8,892
	5,158,812	4,963,780
Less – accumulated depreciation and amortization	(1,073,490)	(1,040,778)
Net investment in rental property	4,085,322	3,923,002
Cash and cash equivalents	33,203	21,621
Investments in unconsolidated joint ventures	33,007	138,495
Unbilled rents receivable, net	115,319	112,524
Deferred charges and other assets, net	238,035	212,422
Restricted cash	20,785	12,719
Accounts receivable, net of allowance for doubtful accounts of \$4,084 and \$2,319	9,374	23,139
Total assets	\$4,535,045	\$4,443,922
<b>LIABILITIES AND EQUITY</b>		
Senior unsecured notes	\$1,334,075	\$1,533,349
Revolving credit facility	--	161,000
Mortgages, loans payable and other obligations	756,358	531,126
Dividends and distributions payable	42,062	52,249
Accounts payable, accrued expenses and other liabilities	116,436	119,451
Rents received in advance and security deposits	56,460	54,406
Accrued interest payable	30,613	32,978
Total liabilities	2,336,004	2,484,559
Commitments and contingencies		
Equity:		
Mack-Cali Realty Corporation 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, 78,334,220 and 66,419,055 shares outstanding	783	664
Additional paid-in capital	2,259,621	1,905,386
Dividends in excess of net earnings	(419,254 )	(386,587 )
Total Mack-Cali Realty Corporation stockholders' equity	1,866,150	1,544,463
Noncontrolling interests in subsidiaries:		
Operating Partnership	329,635	414,114
Consolidated joint ventures	3,256	786
Total noncontrolling interests in subsidiaries	332,891	414,900

Total equity	2,199,041	1,959,363
Total liabilities and equity	\$4,535,045	\$4,443,922

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		Six Months Ended	
	June 30,		June 30,	
	2009	2008	2009	2008
<b>REVENUES</b>				
Base rents	\$154,085	\$148,087	\$303,411	\$296,690
Escalations and recoveries from tenants	24,944	26,586	52,893	52,310
Construction services	4,794	11,305	8,705	24,066
Real estate services	2,116	3,227	4,642	6,669
Other income	3,399	3,588	6,353	7,771
Total revenues	189,338	192,793	376,004	387,506
<b>EXPENSES</b>				
Real estate taxes	23,494	24,125	46,965	48,161
Utilities	16,091	19,660	36,968	41,088
Operating services	26,915	27,152	54,857	53,125
Direct construction costs	4,296	10,329	8,010	22,983
General and administrative	10,651	11,237	20,733	22,332
Depreciation and amortization	49,716	47,586	97,988	95,308
Total expenses	131,163	140,089	265,521	282,997
Operating income	58,175	52,704	110,483	104,509
<b>OTHER (EXPENSE) INCOME</b>				
Interest expense	(33,508 )	(31,340 )	(66,302 )	(63,800 )
Interest and other investment income	187	302	384	858
Equity in earnings (loss) of unconsolidated joint ventures	(1,922 )	884	(7,036 )	(264 )
Gain on reduction of other obligations	1,693	--	1,693	--
Gain on sale of investment of securities	--	471	--	471
Total other (expense) income	(33,550 )	(29,683 )	(71,261 )	(62,735 )
Income from continuing operations	24,625	23,021	39,222	41,774
Net income	24,625	23,021	39,222	41,774
Noncontrolling interest in consolidated joint ventures	135	16	767	139
Noncontrolling interest in Operating Partnership	(3,886 )	(4,193 )	(6,514 )	(7,620 )
Preferred stock dividends	(500 )	(500 )	(1,000 )	(1,000 )
Net income available to common shareholders	\$20,374	\$18,344	\$32,475	\$33,293
<b>Basic earnings per common share:</b>				
Income from continuing operations	\$0.28	\$0.28	\$0.46	\$0.51
Net income available to common shareholders	\$0.28	\$0.28	\$0.46	\$0.51
<b>Diluted earnings per common share:</b>				
Income from continuing operations	\$0.28	\$0.28	\$0.46	\$0.51
Net income available to common shareholders	\$0.28	\$0.28	\$0.46	\$0.51
Dividends declared per common share	\$0.45	\$0.64	\$0.90	\$1.28
Basic weighted average shares outstanding	73,903	65,423	70,214	65,397

Diluted weighted average shares outstanding	88,000	80,585	84,480	80,547
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The accompanying notes are an integral part of these consolidated financial statements.

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MACK-CALI REALTY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (in thousands) (unaudited)

	Preferred Shares	Stock Amount	Common Shares	Stock Par Value	Paid-In Capital	Dividends Excess of Net in Earnings	Noncontrolling Interests in Subsidiaries	Total Equity
Balance at January 1, 2009	10	\$25,000	66,419	\$664	\$1,905,386	\$(386,587)	\$414,900	\$1,959,363
Net income	--	--	--	--	--	33,475	5,747	39,222
Preferred stock dividends	--	--	--	--	--	(1,000)	--	(1,000)
Common stock dividends	--	--	--	--	--	(65,142)	--	(65,142)
Common unit distributions	--	--	--	--	--	--	-(12,807)	(12,807)
Common Stock offering	--	--	11,500	115	274,711	----	----	274,826
Increase in noncontrolling interests	--	--	--	--	--	--	-3,237	3,237
Redemption of common units for common stock	--	--	413	4	11,729	--	-(11,733)	--
Shares issued under Dividend Reinvestment and Stock Purchase Plan	--	--	5	--	108	----	----	108
Directors Deferred comp. plan	--	--	--	--	200	----	----	200
Stock Compensation	--	--	--	--	1,183	----	----	1,183
Cancellation of Restricted stock	--	--	(3)	--	(149)	----	----	(149)
FASB No. 160 adj. to ownership percent between parent and subsidiary	--	--	--	--	66,453	--	-(66,453)	--
Balance at June 30, 2009	10	\$25,000	78,334	\$783	\$2,259,621	\$(419,254)	\$332,891	\$2,199,041

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)

	Six Months Ended June 30,	
	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$39,222	\$41,774
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, including related intangibles	95,207	92,155
Amortization of stock compensation	1,183	1,450
Amortization of deferred financing costs and debt discount	1,343	1,416
Equity in (earnings) loss of unconsolidated joint ventures	7,036	264
Gain on reduction of other obligations	(1,693 )	--
Gain on sale of investment in marketable securities	--	(471 )
Distribution of cumulative earnings from unconsolidated joint ventures	2,131	2,341
Changes in operating assets and liabilities:		
Increase in unbilled rents receivable, net	(2,738 )	(2,441 )
Decrease (increase) in deferred charges and other assets, net	5,005	(6,537 )
Decrease in accounts receivable, net	13,765	16,827
Decrease in accounts payable, accrued expenses and other liabilities	(970 )	(6,449 )
Increase in rents received in advance and security deposits	2,054	843
Increase in accrued interest payable	(2,365 )	(64 )
Net cash provided by operating activities	\$159,180	\$141,108
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to rental property and related intangibles	(35,101 )	(50,861 )
Repayments of notes receivable	89	84
Investment in unconsolidated joint ventures	(4,268 )	(4,153 )
Proceeds from the sale of available for sale securities	--	5,375
Distribution in excess of cumulative earnings from unconsolidated joint ventures	81	2,924
(Increase) decrease in restricted cash	(8,066 )	719
Net cash used in investing activities	\$(47,265 )	\$(45,912 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings from revolving credit facility	302,000	250,100
Repayment of revolving credit facility	(463,000 )	(207,100 )
Proceeds from mortgages	81,500	--
Borrowings from Money Market Loans	--	83,000
Repayments of Money Market Loans	--	(83,000 )
Repayment of mortgages, loans payable and other obligations	(6,169 )	(20,813 )
Repayments of senior unsecured notes	(199,724 )	--
Payment of financing costs	(631 )	--
Repurchase of common stock	--	(5,198 )
Proceeds from offering of Common Stock	274,827	--
Proceeds from stock options exercised	--	1,101
Payment of dividends and distributions	(89,136 )	(104,225 )

Net cash used in financing activities	\$(100,333 )	\$(86,135 )
Net increase in cash and cash equivalents	\$11,582	\$9,061
Cash and cash equivalents, beginning of period	\$21,621	\$24,716
Cash and cash equivalents, end of period	\$33,203	\$33,777

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

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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 June 30, 2009, the Company owned or had interests in 295 properties plus developable land (collectively, the “Properties”). The Properties aggregate approximately 33.8 million square feet, which are comprised of 283 buildings, primarily office and office/flex buildings, totaling approximately 33.4 million square feet (which include 26 buildings, primarily office buildings, aggregating approximately 2.8 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 three 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.

Pursuant to Statement of Financial Accounting Standards No. 165, Subsequent Events (“FASB No. 165”), subsequent events have been evaluated through July 28, 2009, the date these financial statements were available to be issued.

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. Pursuant to the Company’s adoption of FASB No. 141(R), Business Combinations, effective January 1, 2009, acquisition-related costs are expensed as incurred. 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 \$103,913,000 and \$143,010,000 (including land of \$71,492,000 and \$70,709,000) as of June 30, 2009 and December 31, 2008, 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 assumed, 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 fair values. The Company records goodwill or a gain on bargain purchase (if any) if the net assets acquired/liabilities assumed exceed the purchase consideration of a transaction. 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.

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 estimated 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.

Investments in  
Unconsolidated

Joint Ventures The Company accounts for its investments in unconsolidated joint ventures under the equity method of accounting pursuant to Financial Accounting Standards Board ("FASB") Interpretation No. 46 (revised December 2003), Consolidation of Variable Interest Entities ("FIN 46"), and EITF Issue No. 04-5, Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights. 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. The Company's estimates of value for each investment (particularly in commercial real estate joint ventures) 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 operating costs. As these factors are difficult to predict and are subject to future events that may alter management's assumptions, the values estimated by management in its impairment analyses may not be realized. See Note 4: 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 (if any) 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 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 approximately \$65,000 in dividend income from its holdings in marketable securities during the three and six months ended June 30, 2008. The Company disposed of its marketable securities in April 2008 for aggregate net proceeds of approximately \$5.4 million and realized a gain of \$471,000.

#### Deferred

Financing 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 \$636,000 and \$708,000 for the three months ended June 30, 2009 and 2008, respectively, and \$1,343,000 and \$1,416,000 for the six months ended June 30, 2009 and 2008, respectively.

#### Deferred

Leasing 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 \$940,000 and \$910,000 for the three months ended June 30, 2009 and 2008, respectively, and \$1,800,000 and \$1,654,000 for the six months ended June 30, 2009 and 2008, respectively.

#### Derivative

Instruments The Company measures derivative instruments (if any), 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 11: 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 for

**Doubtful Accounts** Management periodically performs a detailed review of amounts due from tenants and clients 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.

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

**Per Share** 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 and Distributions

**Payable** The dividends and distributions payable at June 30, 2009 represents dividends payable to preferred shareholders (10,000 shares) and common shareholders (78,334,687 shares), and distributions payable to noncontrolling interest common unitholders of the Operating Partnership (14,024,755 common units) for all such holders of record as of July 6, 2009 with respect to the second quarter 2009. The second quarter 2009 preferred stock dividends of \$50.00 per share, common stock dividends and common unit distributions of \$0.45 per common share and unit were approved by the Board of Directors on June 2, 2009. The common stock dividends and common unit distributions payable were paid on July 10, 2009. The preferred stock dividends payable were paid on July 15, 2009.

The dividends and distributions payable at December 31, 2008 represents dividends payable to preferred shareholders (10,000 shares) and common shareholders (66,419,764 shares), and distributions payable to noncontrolling interest common unitholders of the Operating Partnership (14,437,731 common units) for all such holders of record as of January 4, 2009 with respect to the fourth quarter 2008. The fourth 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 December 9, 2008. The common stock dividends and common unit distributions payable were paid on January 12, 2009. The preferred stock dividends payable were paid on January 15, 2009.

#### Costs Incurred For

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

#### Stock

**Compensation** 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 stock expense of \$517,000 and \$715,000 for the three months ended June 30, 2009 and 2008, respectively, and \$1,034,000 and \$1,420,000 for the six months ended June 30, 2009 and 2008, 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.

### 3. REAL ESTATE TRANSACTION

On March 1, 2009, the Company placed in service a 250,000 square-foot, class A office building, which is fully leased by Wyndham Worldwide for 15 years. The building is located in the Mack-Cali Business Campus in Parsippany, New Jersey.

On April 29, 2009, the Company acquired SL Green's interests in the Mack-Green-Gale LLC ("Mack-Green") and 55 Corporate Partners, LLC ("55 Corporate") joint ventures (the "SL Green Transactions") for \$5 million. As a result, the Company owns 100 percent of Mack-Green and 55 Corporate. Concurrent with the SL Green Transactions, the loan agreement with an affiliate of Gramercy Capital Corporation ("Gramercy") on six office properties indirectly owned by Mack-Green was restructured providing Gramercy with the power to control the activities that are most important to the properties' economic performance. At the time of the restructuring, the estimated fair value of the six properties were less than the aggregate carrying amount of the non-recourse mortgage loans.

As a result of the SL Green Transactions and the agreement with Gramercy, as of April 29, 2009, the Company began consolidating 11 office properties, aggregating approximately 1.5 million square feet, owned and controlled by Mack-Green, and a pre-leased 205,000 square foot office development project owned and controlled by 55 Corporate. The Company also has retained a non-controlling interest in entities that own 100 percent of six office properties, aggregating 786,198 square feet, which were previously indirectly owned by Mack-Green. The consolidated properties' aggregate acquisition amounts were allocated as follows: \$43.0 million to land and leasehold interests, \$150.1 million to buildings and improvements, \$14.3 million to tenant improvements, \$43.7 million to deferred lease costs and other lease intangibles, net, \$13.1 million to other assets acquired (including cash and accounts receivable) and \$156.8 million to liabilities (including mortgage debt with a fair market value of approximately \$151.1 million), as well as an allocation to noncontrolling interests in consolidated joint ventures of \$3.2 million. There was no contingent consideration associated with the acquisition. See "Mack-Green-Gale LLC" and "55 Corporate Partners, LLC" under Note 4: Investments in Unconsolidated Joint Ventures for further discussion on the transactions.

The Company has not yet obtained all of the information necessary to finalize its estimates to complete the purchase price allocations related to the SL Green Transactions. The purchase price allocations will be finalized once the information identified by the Company has been received, which should not be longer than one year from the closing date.



#### 4. 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 50/50 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 venture recorded an impairment loss of approximately \$4.3 million on its rental property as of December 31, 2007. On December 31, 2008, the venture transferred the deed to the lender in satisfaction of its obligations, including its mortgage with a balance of \$14.7 million. The venture recorded a gain on the disposal of its office property of \$7.5 million.

The Company performed management, leasing and other services for the property when owned by the joint venture and recognized \$16,000 in fees for such services for the three months ended June 30, 2008 and \$32,000 for the six months ended June 30, 2008.

##### 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 June 30, 2009 of \$67.7 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 June 30, 2009 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 June 30, 2009 of \$20.9 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 to April 2010. The loan currently has a one-year extension option subject to certain conditions, 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 \$24,900 and \$33,000 in fees for such services during the three months ended June 30, 2009 and 2008, respectively and \$47,900 and \$51,500 for the six months ended June 30, 2009 and 2008, 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 able to accommodate 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/GRAMERCY AGREEMENT

On May 9, 2006, the Company entered into a joint venture, Mack-Green-Gale LLC (“Mack-Green”), with SL Green, pursuant to which Mack-Green held an approximate 96 percent interest in and acted as general partner of Gale SLG NJ Operating Partnership, L.P. (the “OPLP”). 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. At the time, the OPLP owned 100 percent of entities (“Property Entities”) which owned 25 office properties (the “OPLP Properties”) which aggregated 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). In December 2007, the OPLP 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.

As defined in the Mack-Green operating agreement, the Company shared 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 OPLP.

The Mack-Green operating agreement generally provided 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 OPLP 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 OPLP 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 OPLP Properties were encumbered by mortgage loans with an aggregate outstanding principal balance of \$276.3 million at March 31, 2009. \$186.0 million of the mortgage loans bore interest at a weighted average fixed interest rate of 6.26 percent per annum and matured at various times through May 2016.

Six of the OPLP Properties (the “Portfolio Properties”) were encumbered by \$90.3 million of mortgage loans which bore interest at a floating rate of LIBOR plus 275 basis points per annum and were scheduled to mature in May 2009. The floating rate mortgage loans were provided to the six entities which owned the Portfolio Properties (collectively, the “Portfolio Entities”) by Gramercy, which was a related party of SL Green. Based on the venture’s anticipated holding period pertaining to the Portfolio Properties, the venture believed that the carrying amounts of these properties may not have been recoverable at December 31, 2008. Accordingly, as the venture determined that its carrying value of these properties exceeded the estimated fair value, it recorded an impairment charge of approximately \$32.3 million as of December 31, 2008.

On April 29, 2009, the Company acquired the remaining interests in Mack-Green from SL Green. As a result, the Company owns 100 percent of Mack-Green. Additionally, on April 29, the mortgage loans with Gramercy on the

Portfolio Properties (the “Gramercy Agreement”) were modified to provide for, among other things, interest to accrue at the current rate of LIBOR plus 275 basis point per annum, with the interest pay rate capped at 3.15 percent per annum. Under the Gramercy Agreement, the payment of debt service is subordinate to the payment of operating expenses. Interest at the pay rate is payable only out of funds generated by the Portfolio Properties and only to the extent that the Portfolio Properties’ operating expenses have been paid, with any accrued unpaid interest above the pay rate serving to increase the balance of the amounts due at the termination of the agreement. Any excess funds after payment of debt service generally will be escrowed and available for future capital and leasing costs, as well as to cover future cash flow shortfalls, as appropriate. The Gramercy Agreement has a term of two years and terminates on May 9, 2011. Approximately six months in advance of the end of the term of the Gramercy Agreement, the Portfolio Entities are to provide estimates of each property’s fair market value (“FMV”). Gramercy has the right to accept or reject the FMV. If Gramercy rejects the FMV, Gramercy must market the property for sale in cooperation with the Portfolio Entities and must approve the ultimate sale. However, Gramercy has no obligation to market a Portfolio Property if the FMV is less than the allocated amount due, including accrued, unpaid interest. If any Portfolio Property is not sold, the Portfolio Entities have agreed to give a deed in lieu of foreclosure, unless the FMV was equal to or greater than the allocated amount due for such Portfolio Property, in which case they can elect to have that Portfolio Property released by paying the FMV. If Gramercy accepts the FMV, the Portfolio Property will be released from the Gramercy Agreement upon payment of the FMV.

The Company continues to perform management, leasing, and construction services for the Portfolio Properties at market terms. The Portfolio Entities have a participation interest which provides for sharing 50 percent of any amount realized in excess of the allocated amounts due for each Portfolio Property.

As the Company acquired SL Green's interests in Mack-Green, the Company owns 100 percent of Mack-Green and is consolidating Mack-Green as of the closing date. Mack-Green, in turn, has been and will continue consolidating the OPLP as Mack-Green's approximate 96 percent, general partner ownership interest in the OPLP remained unchanged as of the closing date. Additionally, as of the closing date, the OPLP continues to consolidate its Property Entities which own 11 office properties aggregating 1.5 million square feet as its 100-percent ownership and rights regarding these entities were unchanged in the transaction. The OPLP will not be consolidating the Portfolio Entities that own six office properties, aggregating 786,198 square feet, as the Gramercy Agreement is considered a reconsideration event under FIN 46(R) and accordingly, the Portfolio Entities were deemed to be variable interest entities for which the OPLP was not considered the primary beneficiary based on the Gramercy Agreement as described above. As a result of the SLG Transactions, the Company has an unconsolidated joint venture interest in the Portfolio Properties.

In connection with these transactions, at the closing date, the Company also acquired the remaining 50 percent interest in 55 Corporate Partners L.L.C. from an affiliate of SL Green (see "55 Corporate Partners, LLC" below).

The Company performs management, leasing, and construction services for properties owned by the unconsolidated joint ventures and recognized \$807,000 and \$1.0 million in income (net of \$286,000 and \$816,000 in direct costs) for such services in the three months ended June 30, 2009 and 2008, respectively, and \$2.7 million and \$2.0 million in income (net of \$1.1 million and \$1.3 million in direct costs) for the six months ended June 30, 2009 and 2008, 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 \$52.1 million at June 30, 2009. The loan bears interest at a rate of LIBOR plus 275 basis points and matures on January 9, 2010, with an extension option, subject to certain conditions, through January 9, 2011.

The Company performs management, leasing, and other services for PFV and recognized \$299,000 and \$219,000 in income (net of \$0 and \$110,000 in direct costs) for such services in the three months ended June 30, 2009 and 2008, respectively and \$522,000 and \$438,000 in income (net of \$0 and \$256,000 in direct costs) for the six months ended June 30, 2009 and 2008, 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 \$44.6 million balance at June 30, 2009 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 matured on July 11, 2009. The joint venture is currently in discussions with the lender regarding the mortgage loan.

On March 31, 2009, on account of the recent deterioration in the commercial real estate markets in the Boston area, the Company wrote off its investment in the venture and recorded an impairment charge in equity in earnings (loss) of \$4.0 million (of which \$0.6 million was attributable to noncontrolling interest in consolidated joint ventures) during the period.

Through September 30, 2008, the Company had performed services for Route 93 Master LLC and Route 93 Bedford Master LLC and recognized \$15,800 in fees for such services for the three months ended June 30, 2008 and \$32,500 for the six months ended June 30, 2008.

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 \$67,000 and \$58,000 in income for the three months ended June 30, 2009 and 2008, respectively, and \$122,000 and \$123,400 in income for the six months ended June 30, 2009 and 2008, 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 205,000 square foot office building (the “55 Corporate Property”). The remaining 50 percent in SLG 55 was 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 occupied 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 \$36 million, commenced in 2009 and is expected to be delivered to the tenant in July 2011.

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 commission 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 provided, 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).

On April 29, 2009, the Company acquired the remaining 50 percent interest in 55 Corporate from SLG Gale 55 Corporate LLC, an affiliate of SL Green. As of the closing date, the Company owns 100 percent of and is consolidating the venture, 50 percent of which remains subject to the Gale Participation Rights. In connection with this transaction, the Company also acquired the remaining interest in Mack-Green from an affiliate of SLG Gale 55 Corporate LLC.

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 June 30, 2009 the outstanding balance on the mortgage note was \$6.1 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-DOWNTOWN CROSSING

On October 20, 2006, the Company formed a joint venture (the "MC/Gale JV LLC") with Gale International/426 Washington St. LLC ("Gale/426"), which, in turn, entered into a joint venture (the "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 M-C/Gale JV LLC, Gale 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 MC/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 MC/Gale JV LLC, respectively, until JPM's investment yields a 15 percent IRR and (c) thereafter, 50/50 to JPM and MC/Gale JV LLC, respectively, and (iii) by MC/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 has suspended its plans for the development of the Filenes Property which was to include approximately 1.2 million square feet consisting of office, retail, condominium apartments, hotel and a parking garage. The project is subject to governmental approvals. The venture recorded an impairment charge of approximately \$69.5 million on its development project as of December 31, 2008.

#### 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 a balance of \$13.2 million at June 30, 2009), 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 \$204,000 and \$113,000 in income (net of \$151,000 and \$3.7 million in direct costs) for such services for the three months ended June 30, 2009 and 2008, respectively and \$653,000 and \$174,000 in income (net of \$465,000 and \$5.7 million in direct costs) for the six months ended June 30, 2009 and 2008, 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 June 30, 2009 and December 31, 2008. (dollars in thousands)

	June 30, 2009									
	Plaza VIII & IX Associates	Plaza VIII & IX Realty	Harborside South Pier	Red Bank Corporate Plaza I & II	M-G-G/Princeton Gramercy Agreement	Forrestal Village	Route 93 Portfolio	Gale Kimball	55 Corporate	12Downto Vreeland
Assets:										
Rental property, net	\$ 9,867	--	\$ 61,074	\$ 25,038	\$ 71,178	\$ 39,573	\$ 57,323	--	--	\$ 14,738
Other assets	1,300	--	14,784	4,271	9,204	21,916	119	\$ 35	--	767 \$ 47,
Total assets	\$ 11,167	--	\$ 75,858	\$ 29,309	\$ 80,382	\$ 61,489	\$ 57,442	\$ 35	--	\$ 15,505 \$ 47,
Liabilities and partners'/members' capital (deficit):										
Mortgages, loans payable and other										
obligations	--	--	\$ 74,385	\$ 20,934	\$ 87,218	\$ 52,067	\$ 44,592	--	--	\$ 6,110
Other liabilities	\$ 530	--	3,865	54	2,493	3,564	814	--	--	--
Partners'/members' capital (deficit)	10,637	--	(2,392)	8,321	(9,329)	5,858	12,036	\$ 35	--	9,395 \$ 47,
Total liabilities and partners'/members' capital (deficit)	\$ 11,167	--	\$ 75,858	\$ 29,309	\$ 80,382	\$ 61,489	\$ 57,442	\$ 35	--	\$ 15,505 \$ 47,
Company's investment in unconsolidated joint ventures, net	\$ 5,241	--	--	\$ 3,948	--	\$ 1,270	--	--	--	\$ 8,634 \$ 13,

	December 31, 2008									
	Plaza VIII & IX Associates	Plaza VIII & IX Realty	Harborside South Pier	Red Bank Corporate Plaza I & II	M-G-G/Princeton Gramercy Agreement	Forrestal Village	Route 93 Portfolio	Gale Kimball	55 Corporate	12Downto Vreeland
Assets:										
Rental property, net	\$ 10,173	--	\$ 62,469	\$ 24,583	\$ 326,912	\$ 41,058	\$ 56,771	--	--	\$ 14,598
Other assets	1,008	\$ 20	34,654	4,301	45,391	21,680	495	--	\$ 17,896	789 \$ 46,
Total assets	\$ 11,181	\$ 20	\$ 97,123	\$ 28,884	\$ 372,303	\$ 62,738	\$ 57,266	--	\$ 17,896	\$ 15,387 \$ 46,
Liabilities and										

partners'/members'												
capital (deficit):												
Mortgages, loans												
payable and other												
obligations	--	--	\$ 74,852	\$ 20,416	\$ 276,752	\$ 52,800	\$ 43,541	--	--	\$ 7,170		
Other liabilities	\$ 531	--	21,652	87	23,805	4,156	985	--	--	--		
Partners'/members'												
capital (deficit)	10,650	\$ 20	619	8,381	71,746	5,782	12,740	--	\$ 17,896	8,217	\$ 46,	
Total liabilities												
and												
partners'/members'												
capital (deficit)	\$ 11,181	\$ 20	\$ 97,123	\$ 28,884	\$ 372,303	\$ 62,738	\$ 57,266	--	\$ 17,896	\$ 15,387	\$ 46,	
Company's												
investment												
in unconsolidated												
joint ventures, net	\$ 5,248	--	\$ 254	\$ 3,929	\$ 92,110	\$ 1,342	\$ 4,024	--	\$ 9,068	\$ 8,300	\$ 13,	

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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 June 30, 2009 and 2008: (dollars in thousands)

	Three Months Ended June 30, 2009										
	Plaza VIII & IX Associates	Ramland Realty	Harborside South Pier	Red Bank Corporate Plaza I & II	M-G-G/Princeton Gramercy & Agreement	Forrestal Village	Route 93 Portfolio	Gale Kimball	55 Corporate	12 Vreeland	Boston- 12 Downtown Crossing
Total revenues	\$ 199	--	\$ 8,841	\$ 803	\$ 6,459	\$ 3,227	\$ 967	--	--	\$ 597	--
Operating and other expenses	(52)	--	(5,830)	(209)	(2,792)	(1,444)	(863)	\$(29)	--	(16)	\$(7,738)
Depreciation and amortization	(153)	--	(1,087)	(149)	(2,421)	(1,326)	(456)	--	--	(127)	--
Interest expense	--	--	(1,161)	(89)	(1,632)	(450)	(305)	--	--	(113)	--
Net income Company's equity in earnings (loss) of unconsolidated joint ventures	\$ (6)	--	\$ 763	\$ 356	\$ (386)	\$ 7	\$(657)	\$(29)	--	\$ 341	\$(7,738)
	\$ (3)	--	\$ 750	\$ 178	\$ (202)	\$ (88)	--	\$ 23	--	\$ 170	\$(2,750)

	Three Months Ended June 30, 2008										
	Plaza VIII & IX Associates	Ramland Realty	Harborside South Pier	Red Bank Corporate Plaza I & II	M-G-G/Princeton Gramercy & Agreement	Forrestal Village	Route 93 Portfolio	Gale Kimball	55 Corporate	12 Vreeland	Boston- 12 Downtown Crossing
Total revenues	\$ 233	\$ 456	\$ 12,474	\$ 821	\$ 12,504	\$ 3,355	\$ 657	\$ 410	--	\$ 595	\$ 4
Operating and other expenses	(49)	(283)	(6,825)	(214)	(5,120)	(1,509)	(799)	(132)	--	(19)	--
Depreciation and amortization	(154)	(63)	(1,459)	(148)	(4,703)	(988)	(398)	(81)	--	(127)	--
Interest expense	--	(210)	(1,178)	(191)	(4,274)	(831)	(607)	(182)	--	(144)	--
Net income	\$ 30	\$(100)	\$ 3,012	\$ 268	\$(1,593)	\$ 27	\$(1,147)	\$ 15	--	\$ 305	\$ 4

Company's  
equity  
in earnings  
(loss)  
of  
unconsolidated  
joint ventures

\$ 15	--	\$ 1,556	\$ 134	\$ (1,040)	\$ 28	\$ (325)	\$ 363	--	\$ 152	\$ 1
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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 six months ended June 30, 2009 and 2008: (dollars in thousands)

	Six Months Ended June 30, 2009										
	Plaza VIII & IX Associates	Ramland Realty	Harborside South Pier	Red Bank Corporate Plaza I & II	M-G-G/ Princeton Gramercy & Agreement	Forrestal Village	Route 93 Portfolio	Gale Kimball	55 Corporate	12 Vreeland	Boston- Downtown Crossing
Total revenues	\$ 387	--	\$ 15,668	\$ 1,613	\$ 19,638	\$ 6,406	\$ 1,687	\$ 35	--	\$ 1,192	--
Operating and other expenses	(94)	--	(10,809)	(458)	(8,128)	(3,173)	(1,971)	--	--	(35)	\$(8,858)
Depreciation and amortization	(306)	--	(2,085)	(297)	(7,255)	(2,232)	(909)	--	--	(255)	--
Interest expense	--	--	(2,305)	(172)	(5,276)	(925)	(611)	--	--	(234)	--
Net income Company's equity in earnings (loss) of unconsolidated joint ventures	\$ (13)	--	\$ 469	\$ 686	\$ (1,021)	\$ 76	\$ (1,804)	\$ 35	--	\$ 668	\$(8,858)
				\$ 343	\$ (915)	\$ (72)	\$ (4,354)	\$ 42	--	\$ 334	\$(3,903)

	Six Months Ended June 30, 2008										
	Plaza VIII & IX Associates	Ramland Realty	Harborside South Pier	Red Bank Corporate Plaza I & II	M-G-G/ Princeton Gramercy & Agreement	Forrestal Village	Route 93 Portfolio	Gale Kimball	55 Corporate	12 Vreeland	Boston- Downtown Crossing
Total revenues	\$ 536	\$ 944	\$ 21,347	\$ 1,603	\$ 24,829	\$ 6,143	\$ 1,327	\$ 805	--	\$ 992	\$ 500
Operating and other expenses	(97)	(597)	(12,444)	(386)	(10,273)	(2,992)	(1,699)	(242)	--	(42)	--
Depreciation and amortization	(308)	(244)	(2,928)	(296)	(9,454)	(1,754)	(791)	(167)	--	(255)	--
Interest expense	--	(411)	(2,361)	(415)	(8,935)	(1,804)	(1,351)	(334)	--	(244)	--

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Net income	\$ 131	\$ (308)	\$ 3,614	\$ 506	\$ (3,833)	\$ (407)	\$ (2,514)	\$ 62	--	\$ 451	\$ 50
Company's equity in earnings (loss) of unconsolidated joint ventures	\$ 65	--	\$ 1,841	\$ 252	\$ (2,612)	\$ (79)	\$ (363)	\$ 389	--	\$ 225	\$ 18

## 5. DEFERRED CHARGES AND OTHER ASSETS

(dollars in thousands)	June 30, 2009	December 31, 2008
Deferred leasing costs	\$ 215,105	\$ 214,887
Deferred financing costs	24,355	23,723
	239,460	238,610
Accumulated amortization	(107,988)	(104,652)
Deferred charges, net	131,472	133,958
Notes receivable	11,355	11,443
In-place lease values, related intangible and other assets, net	66,335	33,256
Prepaid expenses and other assets, net	28,873	33,765
Total deferred charges and other assets, net	\$ 238,035	\$ 212,422

## 6. SENIOR UNSECURED NOTES

A summary of the Company's senior unsecured notes as of June 30, 2009 and December 31, 2008 is as follows (dollars in thousands):

	June 30, 2009	December 31, 2008	Effective Rate (1)
7.250% Senior Unsecured Notes, due March 15, 2009	--	\$ 199,689	7.486%
5.050% Senior Unsecured Notes, due April 15, 2010	\$ 149,957	149,929	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	299,727	299,641	7.930%
5.250% Senior Unsecured Notes, due January 15, 2012	99,501	99,404	5.457%
6.150% Senior Unsecured Notes, due December 15, 2012	93,209	92,963	6.894%
5.820% Senior Unsecured Notes, due March 15, 2013	25,696	25,641	6.448%
4.600% Senior Unsecured Notes, due June 15, 2013	99,887	99,872	4.742%
5.125% Senior Unsecured Notes, due February 15, 2014	201,109	201,229	5.110%
5.125% Senior Unsecured Notes, due January 15, 2015	149,487	149,441	5.297%
5.800% Senior Unsecured Notes, due January 15, 2016	200,502	200,540	5.806%
Total Senior Unsecured Notes	\$1,334,075	\$1,533,349	

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

#### 7. UNSECURED REVOLVING CREDIT FACILITY

The Company has a \$775 million unsecured credit facility (expandable to \$800 million) with a group of 23 Lenders. 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. The interest rate on outstanding borrowings (not electing the Company's competitive bid feature) is LIBOR plus 55 basis points at the BBB/Baa2 pricing level.

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 June 30, 2009 and December 31, 2008, the Company had outstanding borrowings of zero and \$161 million, respectively, under its unsecured revolving credit facility.

#### MONEY MARKET LOAN

The Company has an agreement with JPMorgan Chase Bank to participate in a noncommitted 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. The Company had no outstanding borrowings under the Money Market Loan as of June 30, 2009 and December 31, 2008.

## 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 June 30, 2009, 32 of the Company's properties with a total book value of approximately \$1,066,182,000 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 January 27, 2009, the Company obtained \$64.5 million in mortgage financing from Guardian Life Insurance Company of America. The two mortgage loans, which are collateralized by one and three office properties located in Clark and Red Bank, New Jersey, respectively, both carry an effective rate of 7.31 percent per annum and carry a 10-year term.

On April 29, 2009, in connection with the SL Green Transactions, the Company consolidated 11 office properties, which are encumbered by mortgage loans with Wachovia CMBS as lender which were recorded at an aggregate amount of approximately \$151.1 million at the closing date. The mortgage loans carry an average effective interest rate of 10.66 percent per annum and mature through May 2016.

On June 30, 2009, the Company obtained \$17.0 million in mortgage financing from Valley National Bank. The mortgage loan, which is collateralized by the Company's office property in Woodbridge, New Jersey, is for a 25-year term and bears interest at a net effective rate of 6.94 percent per annum through the end of the 10th year. The coupon interest rate will be reset at the end of year 10 and year 20 at 225 basis points over the 10-year treasury yield 45 days prior to the reset dates, with a minimum rate of 6.875 percent.

As a result of the recent expirations of the remainder of the Company's acquired lease obligations incurred as part of the consideration for certain properties acquired in 2004 ("Assumed Obligations") included in mortgages, loans payable and other obligations, the Company recorded a gain on retirement of other obligations of approximately \$1.7 million during the three months ended June 30, 2009 on account of the remaining unused balance of the obligations at expiration.

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A summary of the Company's mortgages, loans payable and other obligations as of June 30, 2009 and December 31, 2008 is as follows (dollars in thousands):

Property Name	Lender	Effective Interest Rate (a)	Principal Balance at June 30, 2009	Principal Balance at December 31, 2008	Maturity
Assumed obligations	Various	4.96%	--	\$ 5,090	n/a
Various (b)	Prudential Insurance	4.84%	\$150,000	150,000	01/15/10
105 Challenger Road	Archon Financial CMBS	6.24%	19,298	19,188	06/10/10
2200 Renaissance Boulevard	Wachovia CMBS	5.89%	16,834	17,043	12/01/12
Soundview Plaza	Morgan Stanley Mortgage Capital	6.02%	16,865	17,109	01/01/13
9200 Edmonston Road	Principal Commercial Funding L.L.C.	5.53%	4,880	4,955	05/01/13
6305 Ivy Lane	John Hancock Life Insurance Co.	5.53%	6,799	6,901	01/01/14
395 West Passaic	State Farm Life Insurance Co.	6.00%	11,958	12,176	05/01/14
6301 Ivy Lane	John Hancock Life Insurance Co.	5.52%	6,390	6,480	07/01/14
35 Waterview Boulevard	Wachovia CMBS	6.35%	19,741	19,868	08/11/14
6 Becker, 85 Livingston, 75 Livingston & 20 Waterview	Wachovia CMBS	10.22%	60,032	--	08/11/14
4 Sylvan	Wachovia CMBS	10.19%	14,339	--	08/11/14
10 Independence	Wachovia CMBS	12.44%	15,217	--	08/11/14
4 Becker	Wachovia CMBS	9.55%	35,901	--	05/11/16
5 Becker	Wachovia CMBS	12.83%	10,889	--	05/11/16
210 Clay	Wachovia CMBS	13.42%	10,988	--	05/11/16
51 Imclone	Wachovia CMBS	8.39%	3,902	--	05/11/16
23 Main Street	JPMorgan CMBS	5.59%	32,282	32,521	09/01/18
Harborside Plaza 5	The Northwestern Mutual Life Insurance Co. & New York Life Insurance Co.	6.84%	238,543	239,795	11/01/18
100 Walnut Avenue	Guardian Life Insurance Co.	7.31%	19,600	--	02/01/19
One River Center	Guardian Life Insurance Co.	7.31%	44,900	--	02/01/19
581 Main Street	Valley National Bank	6.94% (c)	17,000	--	07/01/34
Total mortgages, loans payable and other obligations			\$756,358	\$531,126	

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

(b) Mortgage is collateralized by seven properties.

(c) The coupon interest rate will be reset at the end of year 10 and year 20 at 225 basis points over the 10-year treasury yield 45 days prior to the reset dates with a minimum rate of 6.875 percent.

**CASH PAID FOR INTEREST AND INTEREST CAPITALIZED**

Cash paid for interest for the six months ended June 30, 2009 and 2008 was \$67,381,000 and \$65,001,000, respectively. Interest capitalized by the Company for the six months ended June 30, 2009 and 2008 was \$845,000 and \$2,977,000 respectively.

**SUMMARY OF INDEBTEDNESS**

As of June 30, 2009, the Company's total indebtedness of \$2,090,433,000 (weighted average interest rate of 6.43 percent) was comprised of all fixed rate debt.

As of December 31, 2008 the Company's total indebtedness of \$2,225,475,000 (weighted average interest rate of 5.87 percent) was comprised of \$161,000,000 of revolving credit facility borrowings (weighted average rate of 1.82 percent) and fixed rate debt and other obligations of \$2,064,475,000 (weighted average rate of 6.18 percent).

**9. EMPLOYEE BENEFIT 401(k) PLANS**

Employees of the Company, who meet certain minimum age and service requirements 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 60 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. All contributions are allocated as a percentage of compensation of the eligible participants for the Plan year. 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 in installment payments 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 June 30, 2009 and 2008 was \$100,000 and \$100,000 respectively, and for the six months ended June 30, 2009 and 2008 was \$200,000 and \$200,000, respectively.

## 10. 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 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 June 30, 2009 and 2008, respectively, and \$500,000 and \$500,000 for the six months ended June 30, 2009 and 2008, respectively.

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 June 30, 2009 and 2008, and \$1.6 and \$1.6 million for the six months ended June 30, 2009 and 2008, 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 June 30, 2009, are as follows (dollars in thousands):

Year	Amount
July 1 through December 31, 2009	\$ 259
2010	502
2011	502
2012	502
2013	502
2014 through 2084	34,531
Total	\$36,798

Ground lease expense incurred by the Company during the three months ended June 30, 2009 and 2008 amounted to \$178,000 and \$184,000, respectively, and \$369,000 and \$350,000 for the six months ended June 30, 2009 and 2008, 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 \$202.1 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 Martin S. Berger, director; Robert F. Weinberg, 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 \$1.8 billion, have lapsed restrictions and are subject to these conditions.

#### 11. TENANT LEASES

The Properties are leased to tenants under operating leases with various expiration dates through 2030. 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 June 30, 2009 are as follows (dollars in thousands):

Year	Amount
July 1 through December 31, 2009	\$ 309,921
2010	585,683
2011	521,159
2012	453,535
2013	368,174
2014 and thereafter	1,272,160
Total	\$3,510,632

#### 12. MACK-CALI REALTY CORPORATION 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 depositary shares (\$25 stated value per depositary share). Each depositary 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 June 30, 2009, 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 of the Operating Partnership (See Note 13: Noncontrolling interests in subsidiaries.)

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

## COMMON STOCK

On May 6, 2009, the Company completed a public offering of 11,500,000 shares of Common Stock and used the net proceeds, which totaled approximately \$274.8 million (after offering costs), to repay borrowings under its unsecured revolving credit facility.

## 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 June 30, 2009 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 June 30, 2009 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 June 30, 2009 and December 31, 2008, the stock options outstanding had a weighted average remaining contractual life of approximately 2.9 and 3.3 years, respectively. Stock options exercisable at June 30, 2009 and December 31, 2008 had a weighted average remaining contractual life of approximately 2.9 and 3.5 years, respectively.

Information regarding the Company's stock option plans for the six months ended June 30, 2009 is summarized below:

	Shares Under	Weighted Average Exercise Price	Aggregate Intrinsic Value \$(000's)
Outstanding at January 1, 2009	395,541	\$28.77	
Lapsed or canceled	(24,000)	\$30.97	
Outstanding at June 30, 2009 (\$24.63 – \$45.47)	371,541	\$28.63	\$(2,165)
Options exercisable at June 30, 2009	371,541	\$28.63	\$(2,165)
Available for grant at June 30, 2009	4,538,294		

Cash received from options exercised under all stock option plans was \$0 and \$0.6 million for the three months ended June 30, 2009 and 2008, respectively, and \$0 and \$1.1 million for the six months ended June 30, 2009 and 2008, respectively. The total intrinsic value of options exercised during the three months ended June 30, 2009 and 2008 was \$0 and \$0.2 million, respectively, and \$0 and \$0.3 million for the six months ended June 30, 2009 and 2008, respectively. The Company has a policy of issuing new shares to satisfy stock option exercises.

#### 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 301,418 unvested shares were outstanding at June 30, 2009. Of the outstanding Restricted Stock Awards issued to executive officers and senior management, 196,998 are contingent upon the Company meeting certain performance goals to be set by the Executive Compensation and Option Committee of the Board of Directors of the Company 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 Amended and Restated 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.

During the six months ended June 30, 2009 and 2008, 8,813 and 5,254 deferred stock units were earned, respectively. As of June 30, 2009 and December 31, 2008, there were 64,112 and 55,446 deferred stock units outstanding, respectively.

#### EARNINGS PER SHARE

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.



The following information presents the Company's results for the three months ended June 30, 2009 and 2008 in accordance with FASB No. 128: (dollars in thousands)

	Three Months Ended June 30,	
	2009	2008
Computation of Basic EPS		
Income from continuing operations	\$24,625	\$23,021
Deduct: Noncontrolling interest in consolidated joint ventures	135	16
Noncontrolling interest in Operating Partnership	(3,886)	(4,193)
Preferred stock dividends	(500)	(500)
Income from continuing operations available to common shareholders	20,374	18,344
Net income available to common shareholders	\$20,374	\$18,344
Weighted average common shares	73,903	65,423
Basic EPS:		
Income from continuing operations available to common shareholders	\$ 0.28	\$ 0.28
Net income available to common shareholders	\$ 0.28	\$ 0.28

	Three Months Ended June 30,	
	2009	2008
Computation of Diluted EPS		
Income from continuing operations available to common shareholders	\$20,374	\$18,344
Add: Income from continuing operations attributable to common units	3,886	4,193
Income from continuing operations for diluted earnings per share	24,260	22,537
Net income available to common shareholders	\$24,260	\$22,537
Weighted average common shares	88,000	80,585
Diluted EPS:		
Income from continuing operations available to common shareholders	\$ 0.28	\$ 0.28
Net income available to common shareholders	\$ 0.28	\$ 0.28

The following information presents the Company's results for the six months ended June 30, 2009 and 2008 in accordance with FASB No. 128: (dollars in thousands)

	Six Months Ended June 30,	
	2009	2008
Computation of Basic EPS		
Income from continuing operations	\$39,222	\$41,774
Deduct: Noncontrolling interest in consolidated joint ventures	767	139

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Noncontrolling interest in Operating Partnership	(6,514)	(7,620)
Preferred stock dividends	(1,000)	(1,000)
Income from continuing operations available to common shareholders	32,475	33,293
Net income available to common shareholders	\$32,475	\$33,293
Weighted average common shares	70,214	65,397
Basic EPS:		
Income from continuing operations available to common shareholders	\$ 0.46	\$ 0.51
Net income available to common shareholders	\$ 0.46	\$ 0.51

	Six Months Ended June 30,	
	2009	2008
Computation of Diluted EPS		
Income from continuing operations available to common shareholders	\$32,475	\$33,293
Add: Income from continuing operations attributable to common units	6,514	7,620
Income from continuing operations for diluted earnings per share	38,989	40,913
Net income available to common shareholders	\$38,989	\$40,913
Weighted average common shares	84,480	80,547
Diluted EPS:		
Income from continuing operations available to common shareholders	\$ 0.46	\$ 0.51
Net income available to common shareholders	\$ 0.46	\$ 0.51

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Basic EPS shares	73,903	65,423	70,214	65,397
Add: Operating Partnership – common units	14,097	14,955	14,266	14,970
Stock options	--	207	--	180
Diluted EPS Shares	88,000	80,585	84,480	80,547

Unvested shares of restricted stock outstanding as of June 30, 2009 and 2008 were 301,418 and 346,786, respectively.

### 13. NONCONTROLLING INTERESTS IN SUBSIDIARIES

Noncontrolling interests in subsidiaries 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.

Pursuant to the Company’s adoption on January 1, 2009 of Statement of Financial Accounting Standards No. 160 (“FASB No. 160”), which establishes and expands the accounting and reporting standards of minority interests to be recharacterized as noncontrolling interests in a subsidiary and the deconsolidation of a subsidiary, the Company is presenting its noncontrolling interests as equity for all periods presented in these financial statements.

#### OPERATING PARTNERSHIP

##### 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 12: Mack-Cali Realty Corporation 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 unitholders have the right to redeem their common units, subject to certain restrictions. The redemption is required to be satisfied in shares of Common Stock, cash, or a combination thereof, calculated as follows: one share of the Company’s Common Stock, or cash equal to the fair market value of a share of the Company’s Common Stock at the time of redemption, for each common unit. The Company, in its sole discretion, determines the form of redemption of common units (i.e., whether a common unitholder receives Common Stock, cash, or any combination thereof). If the Company elects to satisfy the redemption with shares of Common Stock as opposed to cash, it is obligated to issue shares of its Common Stock to the redeeming unitholder. Regardless of the rights described above, the common unitholders may not put their units for cash to the Company or the Operating Partnership under any circumstances. When a unitholder redeems a common unit, noncontrolling interest in the Operating Partnership is reduced and Mack-Cali Realty Corporation Stockholders’ equity is increased.

### Unit Transactions

The following table sets forth the changes in noncontrolling interests in subsidiaries which relate to the common units in the Operating Partnership for the six months ended June 30, 2009 (dollars in thousands):

	Common Units
Balance at January 1, 2009	14,437,731
Redemption of common units for shares of Common Stock	(412,976)
Balance at June 30, 2009	14,024,755

Pursuant to FASB No. 160, changes in a parent's ownership interest (and transactions with noncontrolling interest unitholders in the subsidiary) while the parent retains its controlling interest in its subsidiary should be accounted for as equity transactions. The carrying amount of the noncontrolling interest shall be adjusted to reflect the change in its ownership interest in the subsidiary, with the offset to equity attributable to the parent. Accordingly, as a result of equity transactions which caused changes in ownership percentages between Mack-Cali Realty Corporation stockholders' equity and noncontrolling interests in the Operating Partnership that occurred during the six months ended June 30, 2009, the Company has decreased noncontrolling interests in the Operating Partnership and increased additional paid-in capital in Mack-Cali Realty Corporation stockholders' equity by approximately \$66.5 million as of June 30, 2009.

### Noncontrolling Interest Ownership

As of June 30, 2009 and December 31, 2008, the noncontrolling interest common unitholders owned 15.2 and 17.9 percent of the Operating Partnership.

### Consolidated Joint Ventures

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

#### 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 six months ended June 30, 2009 and 2008. The Company had no long lived assets in foreign locations as of June 30, 2009 and December 31, 2008. 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.

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Selected results of operations for the three and six month periods ended June 30, 2009 and 2008 and selected asset information as of June 30, 2009 and December 31, 2008 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:				
June 30, 2009	\$ 183,831	\$ 5,988	\$ (481)	\$ 189,338
June 30, 2008	180,462	12,845	(514)	192,793
Six months ended:				
June 30, 2009	\$ 365,903	\$ 17,504	(7,403)	\$ 376,004
June 30, 2008	361,464	26,973	(931)	387,506
Total operating and interest expenses(a):				
Three months ended:				
June 30, 2009	\$ 65,627	\$ 5,911	\$ 43,230	\$ 114,768(e)
June 30, 2008	68,529	12,447	42,566	123,542(f)
Six months ended:				
June 30, 2009	\$ 130,800	\$ 17,471	\$ 85,678	\$ 233,949(g)
June 30, 2008	138,751	27,301	84,580	250,632(h)
Equity in earnings (loss) of unconsolidated joint ventures:				
Three months ended:				
June 30, 2009	\$ 1,442	--	\$ (3,364)	\$ (1,922)
June 30, 2008	884	--	--	884
Six months ended:				
June 30, 2009	\$ (7,036)	--	--	\$ (7,036)
June 30, 2008	(264)	--	--	(264)
Net operating income (b):				
Three months ended:				
June 30, 2009	\$ 119,646	\$ 77	\$ (47,075)	\$ 72,648(e)
June 30, 2008	112,817	398	(43,080)	70,135(f)
Six months ended:				
June 30, 2009	\$ 228,067	\$ 33	\$ (93,081)	\$ 135,019(g)
June 30, 2008	222,449(328)		(85,511)	136,610(h)
Total assets:				
June 30, 2009	\$4,600,931	\$ 15,172	\$ (81,058)	\$4,535,045
December 31, 2008	4,731,929	25,845(313,852)		4,443,922
Total long-lived assets (c):				
June 30, 2009	\$4,236,936	--	\$ (3,288)	\$4,233,648
December 31, 2008	4,191,036	--(17,015)		4,174,021

- (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 \$49,715 of depreciation and amortization.
- (f) Excludes \$47,586 of depreciation and amortization.
- (g) Excludes \$97,988 of depreciation and amortization.
- (h) Excludes \$95,308 of depreciation and amortization.

## 15. DISCLOSURE OF FAIR VALUE OF FINANCIAL INSTRUMENTS

Effective April 2009, the Company has adopted Financial Accounting Standards Board Staff Position SFAS 107-1 and Accounting Principles Board (APB) Opinion No. 28-1, "Interim Disclosures about Fair Value of Financial Instruments" (FSP SFAS 107-1 and APB 28-1). The FSP amends SFAS 107 to require disclosures about fair value of financial instruments in both interim and annual financial statements. This FSP also amends APB 28 to require those disclosures in summarized financial information at interim reporting periods.

The following disclosure of estimated fair value was determined by management using available market information and appropriate valuation methodologies. However, considerable judgment is necessary to interpret market data and develop estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize on disposition of the financial instruments at June 30, 2009 and December 31, 2008. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Cash equivalents, marketable securities, receivables, accounts payable, and accrued expenses and other liabilities are carried at amounts which reasonably approximate their fair values as of June 30, 2009 and December 31, 2008.

The fair value of the Company's long-term debt, consisting of senior unsecured notes, an unsecured revolving credit facility and mortgages, loans payable and other obligations aggregate approximately \$1.9 billion and \$1.8 billion as compared to the book value of approximately \$2.1 billion and \$2.2 billion as of June 30, 2009 and December 31, 2008, respectively. The fair value of the Company's long-term debt is estimated on a level 2 basis (as provided by FASB Statement No. 157), using a discounted cash flow analysis based on the borrowing rates currently available to the Company for loans with similar terms and maturities. The fair value of the mortgage debt and the unsecured notes was determined by discounting the future contractual interest and principal payments by a market rate.

Disclosure about fair value of financial instruments is based on pertinent information available to management as of June 30, 2009 and December 31, 2008. Although management is not aware of any factors that would significantly affect the fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since June 30, 2009 and current estimates of fair value may differ significantly from the amounts presented herein.

## 16. IMPACT OF RECENTLY-ISSUED ACCOUNTING STANDARDS

FASB Staff Position No. EITF 03-6-1, Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities

This FASB Staff Position (FSP) addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in the earnings allocation in computing earnings per share (EPS) under the two-class method described in paragraphs 60 and 61 of FASB Statement No. 128, Earnings per Share. This FSP became effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those years. The Company's adoption of this FSP effective January 1, 2009 did not have a material effect on these financial statements.



Statement of Financial Accounting Standards No. 167, Amendments to FASB Interpretation No. 46(R) (“FASB No. 167”)

FASB No. 167 amends, among other items, for FIN 46(R) to require an enterprise to perform an analysis to determine whether the enterprise’s variable interest or interests give it a controlling financial interest in a variable interest entity. This analysis identifies the primary beneficiary of a variable interest entity as the enterprise that has both of the following characteristics:

- a. The power to direct the activities of a variable interest entity that most significantly impact the entity’s economic performance
- b. The obligation to absorb losses of the entity that could potentially be significant to the variable interest entity or the right to receive benefits from the entity that could potentially be significant to the variable interest entity.

Additionally, an enterprise is required to assess whether it has an implicit financial responsibility to ensure that a variable interest entity operates as designed when determining whether it has the power to direct the activities of the variable interest entity that most significantly impact the entity’s economic performance.

FASB No. 167 also amends FIN 46(R) to require ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity. Additionally, FASB No. 167 amends FIN 46(R) to eliminate the quantitative approach previously required for determining the primary beneficiary of a variable interest entity, which was based on determining which enterprise absorbs the majority of the entity’s expected losses, receives a majority of the entity’s expected residual returns, or both. FASB No. 167 amends certain guidance in Interpretation 46(R) for determining whether an entity is a variable interest entity. Also, FASB No. 167 amends FIN 46(R) to require enhanced disclosures that will provide users of financial statements with more transparent information about an enterprise’s involvement in a variable interest entity. The enhanced disclosures are required for any enterprise that holds a variable interest in a variable interest entity. As FASB No. 167 will be effective as of the beginning of each reporting entity’s first annual reporting period that begins after November 15, 2009 with earlier application prohibited, the Company is currently assessing the potential impact that the adoption of FASB No. 167 will have on its financial position and results of operation.

## 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 (together with its subsidiaries, the "Company") is one of the largest real estate investment trusts (REITs) in the United States. 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 295 properties (collectively, the "Properties"), primarily class A office and office/flex buildings, totaling approximately 33.8 million square feet, leased to approximately 2,100 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 12.5 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, primarily 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 90.6 percent at June 30, 2009, as compared to 90.7 percent at March 31, 2009 and

92.3 percent at June 30, 2008. 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 June 30, 2009, March 31, 2009 and June 30, 2008 aggregate 81,451, 65,176 and 73,942 square feet, respectively, or 0.3, 0.2 and 0.3 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 June 30, 2009 decreased an average of 7.3 percent compared to rates that were in effect under the prior leases, as compared to a 6.5 percent increase for the three months ended June 30, 2008. The Company believes that vacancy rates may continue to increase in some of its markets through 2009 and possibly beyond. 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 had leased 270,063 square feet of office space from the Company at 101 Hudson Street in Jersey City, New Jersey, scheduled to expire through 2018. In June 2009, the Bankruptcy Court approved a reduction in Lehman’s space to 135,190 square feet with 63,686 square feet expiring in December 2010 and 71,504 square feet expiring in April 2012. Lehman’s sub-tenants occupy 140,245 square feet and have become direct tenants of the Company, with 106,379 square feet expiring in December 2010 and 33,866 expiring in December 2013.

The Company expects that the impact of the current state of the economy, including rising unemployment and the unprecedented volatility and illiquidity in the financial and credit markets, will continue to have a dampening effect on the fundamentals of its business, including increases in past due accounts, defaults, lower occupancy rates and reduced effective rents. These conditions 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. In addition to the financial constraints on the Company’s tenants, many of the debt capital markets that real estate companies like the Company frequently access, such as the unsecured bond market and the convertible debt market, are not currently available to the Company on terms that management believes are economically attractive. Although the Company believes that the quality of its assets and its strong balance sheet will enable it to raise capital from other sources such as traditional term or secured loans from banks, pension funds and life insurance companies, these sources are lending fewer dollars, under stricter terms and at higher borrowing rates, and there can be no assurance that the Company will be able to do so on terms that are economically attractive or at all.

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

- property transactions during the period;
- critical accounting policies and estimates;
- results of operations for the three and six months ended June 30, 2009 as compared to the three and six months ended June 30, 2008;
- liquidity and capital resources.

#### Property Transactions

On March 1, 2009, the Company placed in service a 250,000 square-foot, class A office building, which is fully leased by Wyndham Worldwide for 15 years. The building is located in the Mack-Cali Business Campus in Parsippany, New Jersey.

On April 29, 2009, the Company acquired SL Green’s interests in the Mack-Green-Gale LLC (“Mack-Green”) and 55 Corporate Partners, LLC (“55 Corporate”) joint ventures (the “SL Green Transactions”) for \$5 million. As a result, the Company owns 100 percent of Mack-Green and 55 Corporate. Concurrent with the SL Green Transactions, the loan agreement with an affiliate of Gramercy Capital Corporation (“Gramercy”) on six office properties indirectly owned by Mack-Green was restructured providing Gramercy with the power to control the activities that are most important to the properties’ economic performance. At the time of the restructuring, the estimated fair value of the six properties were less than the aggregate carrying amount of the non-recourse mortgage loans.

As a result of the SL Green Transactions and the agreement with Gramercy, as of April 29, 2009, the Company began consolidating 11 office properties, aggregating approximately 1.5 million square feet, owned and controlled by Mack-Green, and a pre-leased 205,000 square foot office development project owned and controlled by 55 Corporate. The Company also has retained a non-controlling interest in entities that own 100 percent of six office properties, aggregating 786,198 square feet, which were previously indirectly owned by Mack-Green. See “Mack-Green-Gale LLC” and “55 Corporate Partners, LLC” under Note 4: Investments in Unconsolidated Joint Ventures for further discussion on the transactions.

## 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 June 30, 2009 and 2008 was \$0.2 million and \$1.6 million, respectively and \$0.8 million and \$3.0 million for the six months ended June 30, 2009 and 2008, 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 fair values. The Company records goodwill

or a gain on bargain purchase (if any) if the net assets acquired/liabilities assumed exceed the purchase consideration of a transaction. 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.

#### 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.

Investments in Unconsolidated Joint Ventures, Net:

The Company accounts for its investments in unconsolidated joint ventures under the equity method of accounting pursuant to Financial Accounting Standards Board (“FASB”) Interpretation No. 46 (revised December 2003), Consolidation of Variable Interest Entities (“FIN 46”), and EITF Issue No. 04-5, Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights. 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. The Company’s estimates of value for each investment (particularly in commercial real estate joint ventures) 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 operating costs. As these factors are difficult to predict and are subject to future events that may alter management’s assumptions, the values estimated by management in its impairment analyses may not be realized.

#### 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 six months ended June 30, 2009 (“2009”), as compared to the three and six months ended June 30, 2008 (“2008”), make reference to the following: (i) the effect of the “Same-Store Properties,” which represent all in-service properties owned by the Company at March 31, 2008 (for the three-month period comparisons), and which represent all in-service properties owned by the Company at December 31, 2007 (for the six-month period comparisons), excluding properties sold or held for sale through June 30, 2009, and (ii) the effect of the “Acquired Properties,” which represent all properties acquired by the Company or commencing initial operations from April 1, 2008 through June 30, 2009 (for the three-month period comparisons), and which represent all properties acquired by the Company or commencing initial operations from January 1, 2008 through June 30, 2009 (for the six-month period comparisons).

## Three Months Ended June 30, 2009 Compared to Three Months Ended June 30, 2008

(dollars in thousands)	Three Months Ended		Dollar Change	Percent Change
	June 30, 2009	2008		
Revenue from rental operations and other:				
Base rents	\$154,085	\$148,087	\$ 5,998	4.1%
Escalations and recoveries from tenants	24,944	26,586	(1,642)	(6.2)
Other income	3,399	3,588	(189)	(5.3)
Total revenues from rental operations	182,428	178,261	4,167	2.3
Property expenses:				
Real estate taxes	23,494	24,125	(631)	(2.6)
Utilities	16,091	19,660	(3,569)	(18.2)
Operating services	26,915	27,152	(237)	(0.9)
Total property expenses	66,500	70,937	(4,437)	(6.3)
Non-property revenues:				
Construction services	4,794	11,305	(6,511)	(57.6)
Real estate services	2,116	3,227	(1,111)	(34.4)
Total non-property revenues	6,910	14,532	(7,622)	(52.5)
Non-property expenses:				
Direct construction costs	4,296	10,329	(6,033)	(58.4)
General and administrative	10,651	11,237	(586)	(5.2)
Depreciation and amortization	49,716	47,586	2,130	4.5
Total non-property expenses	64,663	69,152	(4,489)	(6.5)
Operating income	58,175	52,704	5,471	10.4
Other (expense) income:				
Interest expense	(33,508)	(31,340)	(2,168)	(6.9)
Interest and other investment income	187	302	(115)	(38.1)
Equity in earnings (loss) of unconsolidated joint ventures	(1,922)	884	(2,806)	(317.4)
Gain on reduction of other obligations	1,693	--	1,693	--
Gain on sale of marketable securities	--	471	(471)	(100.0)
Total other (expense) income	(33,550)	(29,683)	(3,867)	(13.0)

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Income from continuing operations	24,625	23,021	1,604	7.0
Net income	24,625	23,021	1,604	7.0
Noncontrolling interest in consolidated joint ventures	135	16	119	743.8
Noncontrolling interest in Operating Partnership	(3,886)	(4,193)	307	7.3
Preferred stock dividends	(500)	(500)	--	--
Net income available to common shareholders	\$ 20,374	\$ 18,344	\$ 2,030	11.1%

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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	\$ 5,998	4.1%	\$ (966)	(0.6)%	\$6,964	4.7%
Escalations and recoveries from tenants	(1,642)	(6.2)	(2,001)	(7.6)	359	1.4
Other income	(189)	(5.3)	(191)	(5.4)	2	0.1
Total	\$ 4,167	2.3%	\$(3,158)	(1.8)%	\$7,325	4.1%
Property expenses:						
Real estate taxes	\$ (631)	(2.6)%	\$(1,261)	(5.2)%	\$ 630	2.6%
Utilities	(3,569)	(18.2)	(4,046)	(20.6)	477	2.4
Operating services	(237)	(0.9)	(1,259)	(4.7)	1,022	3.8
Total	\$(4,437)	(6.3)%	\$(6,566)	(9.3)%	\$2,129	3.0%

OTHER DATA:

Number of Consolidated Properties

(excluding properties held for sale):	268	255	13
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Square feet (in thousands)	30,946	29,245	1,701
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Base rents for the Same-Store Properties decreased \$1.0 million, or 0.6 percent, for 2009 as compared to 2008 due primarily to decreased occupancy. Escalations and recoveries from tenants for the Same-Store Properties decreased \$2.0 million, or 7.6 percent, for 2009 over 2008, due primarily to lower operating and utility expenses in 2009, as compared to 2008. Other income for the Same-Store Properties decreased \$0.2 million, or 5.4 percent, due primarily to a decrease in parking income for 2009 as compared to 2008.

Real estate taxes on the Same-Store Properties decreased \$1.3 million, or 5.2 percent, for 2009 as compared to 2008, due primarily to reduced assessments for certain properties in 2009. Utilities for the Same-Store Properties decreased \$4.0 million, or 20.6 percent, for 2009 as compared to 2008, due primarily to lower electric rates and usage in 2009 as compared to 2008. Operating services for the Same-Store Properties decreased \$1.3 million, or 4.7 percent due primarily to a decrease in salaries and related expenses in 2009.

Construction services revenue decreased \$6.5 million, or 57.6 percent, in 2009 as compared to 2008, due to lesser activity in 2009 at The Gale Company and its related businesses. Real estate services revenue decreased by \$1.1 million, or 34.4 percent, for 2009 as compared to 2008, due primarily to decreases in management fee income of \$0.4 million, commission income of \$0.3 million and salary reimbursements of \$0.3 million for 2009 as compared to 2008.

Direct construction costs decreased \$6.0 million, or 58.4 percent, in 2009 as compared to 2008, due primarily to lesser activity of the Gale Company and its related businesses. General and administrative expense decreased \$0.6 million,

or 5.2 percent, for 2009 as compared to 2008. This decrease was due primarily to a decrease in salaries and related expenses.

Depreciation and amortization increased by \$2.1 million, or 4.5 percent, for 2009 over 2008. This increase was due primarily to the Acquired Properties.

Interest expense increased \$2.2 million or 6.9 percent for 2009 as compared to 2008. This increase was due primarily as a result of capitalizing less interest on development projects and higher average interest rates in 2009 as compared to 2008.

Interest and other investment income decreased \$0.1 million, or 38.1 percent, for 2009 as compared to 2008. This decrease was due primarily to lower interest rates for 2009 as compared to 2008.

Equity in earnings (loss) of unconsolidated joint ventures decreased \$2.8 million, or 317.4 percent, for 2009 as compared to 2008, due primarily to a loss of \$2.8 million from the Boston Downtown Crossing venture in 2009.

The Company had a gain on reduction of other obligations of \$1.7 million on account of the expiration of the Assumed Obligations in 2009. The Company recognized a gain on sale of investments in marketable securities of \$0.5 million in 2008.

Income from continuing operations increased to approximately \$24.6 million in 2009 from \$23.0 million in 2008. The increase of approximately \$1.6 million was due to the factors discussed above.

Net income available to common shareholders increased by approximately \$2.0 million, from approximately \$18.4 million in 2008 to \$20.4 million in 2009. This increase was the result of an increase in income from continuing operations of \$1.6 million for 2009 as compared to 2008, an increase in noncontrolling interest in the Operating Partnership of \$0.3 million and an increase in noncontrolling interest in consolidated joint ventures of approximately \$0.1 million for 2009 as compared to 2008.

## Six Months Ended June 30, 2009 Compared to Six Months Ended June 30, 2008

(dollars in thousands)	Six Months Ended		Dollar Change	Percent Change
	June 30, 2009	2008		
Revenue from rental operations and other:				
Base rents	\$303,411	\$296,690	\$ 6,721	2.3%
Escalations and recoveries from tenants	52,893	52,310	583	1.1
Other income	6,353	7,771	(1,418)	(18.2)
Total revenues from rental operations	362,657	356,771	5,886	1.7
Property expenses:				
Real estate taxes	46,965	48,161	(1,196)	(2.5)
Utilities	36,968	41,088	(4,120)	(10.0)
Operating services	54,857	53,125	1,732	3.3
Total property expenses	138,790	142,374	(3,584)	(2.5)
Non-property revenues:				
Construction services	8,705	24,066	(15,361)	(63.8)
Real estate services	4,642	6,669	(2,027)	(30.4)
Total non-property revenues	13,347	30,735	(17,388)	(56.6)
Non-property expenses:				
Direct construction costs	8,010	22,983	(14,973)	(65.1)
General and administrative	20,733	22,332	(1,599)	(7.2)
Depreciation and amortization	97,988	95,308	2,680	2.8
Total non-property expenses	126,731	140,623	(13,892)	(9.9)
Operating income	110,483	104,509	5,974	5.7
Other (expense) income:				
Interest expense	(66,302)	(63,800)	(2,502)	(3.9)
Interest and other investment income	384	858	(474)	(55.2)
Equity in earnings (loss) of unconsolidated joint ventures	(7,036)	(264)	(6,772)	(2,565.2)
Gain on reduction of other obligations	1,693	--	1,693	--
Gain on sale of marketable securities	--	471	(471)	(100.0)
Total other (expense) income	(71,261)	(62,735)	(8,526)	(13.6)
Income from continuing operations	39,222	41,774	(2,552)	(6.1)
Net income	39,222	41,774	(2,552)	(6.1)
Noncontrolling interest in consolidated joint ventures	767	139	628	451.8
Noncontrolling interest in Operating Partnership	(6,514)	(7,620)	1,106	14.5
Preferred stock dividends	(1,000)	(1,000)	--	--
Net income available to common shareholders	\$ 32,475	\$ 33,293	\$ (818)	(2.5)%

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	\$ 6,721	2.3%	\$ (774)	(0.2)%	\$7,495	2.5%
Escalations and recoveries from tenants	583	1.1	224	0.4	359	0.7
Other income	(1,418)	(18.2)	(1,421)	(18.2)	3	--
Total	\$ 5,886	1.7%	\$(1,971)	(0.3)%	\$7,857	2.0%
Property expenses:						
Real estate taxes	\$(1,196)	(2.5)%	\$(1,829)	(3.8)%	\$ 633	1.3%
Utilities	(4,120)	(10.0)	(4,597)	(11.2)	477	1.2
Operating services	1,732	3.3	710	1.4	1,022	1.9
Total	\$(3,584)	(2.5)%	\$(5,716)	(4.0)%	\$2,132	1.5%

#### OTHER DATA:

Number of Consolidated Properties

(excluding properties held for sale):	268	255	13
Square feet (in thousands)	30,946	29,245	1,701

Base rents for the Same-Store Properties decreased \$0.8 million, or 0.2 percent, for 2009 as compared to 2008 due primarily to decreased occupancy. Escalations and recoveries from tenants for the Same-Store Properties increased \$0.2 million, or 0.4 percent, for 2009 over 2008, due primarily to higher operating services in 2009, as compared to 2008. Other income for the Same-Store Properties decreased \$1.4 million, or 18.2 percent, due primarily to a decrease in parking income of \$520,000 for 2009 as compared to 2008 as well as \$410,000 from income from other investments received in 2008.

Real estate taxes on the Same-Store Properties decreased \$1.8 million, or 3.8 percent, for 2009 as compared to 2008, due primarily to reduced assessments for certain properties in 2009. Utilities for the Same-Store Properties decreased \$4.6 million, or 11.2 percent, for 2009 as compared to 2008, due primarily to lower electric rates and usage in 2009 as compared to 2008. Operating services for the Same-Store Properties increased \$0.7 million, or 1.4 percent, due primarily to an increase in snow removal costs.

Construction services revenue decreased \$15.4 million, or 63.8 percent, in 2009 as compared to 2008, due to lesser activity in 2009 at The Gale Company and its related businesses. Real estate services revenue decreased by \$2.0 million, or 30.4 percent, for 2009 as compared to 2008, due primarily to decreases in management fee income of \$0.8 million, commission income of \$0.6 million and salary reimbursements of \$0.5 million for 2009 as compared to 2008.

Direct construction costs decreased \$15.0 million, or 65.1 percent, in 2009 as compared to 2008, due primarily to lesser activity of the Gale Company and its related businesses. General and administrative expense decreased \$1.6 million, or 7.2 percent, for 2009 as compared to 2008. This decrease was due primarily to decreases in salaries and related expenses.

Depreciation and amortization increased by \$2.7 million, or 2.8 percent, for 2009 over 2008. This decrease was due primarily to the Acquired Properties.

Interest expense increased \$2.5 million or 3.9 percent for 2009 as compared to 2008. This increase was due primarily as a result of capitalizing less interest on development projects in 2009 as compared to 2008.

Interest and other investment income decreased \$0.5 million, or 55.2 percent, for 2009 as compared to 2008. This decrease was due primarily to lower interest rates for 2009 as compared to 2008.

Equity in earnings (loss) of unconsolidated joint ventures decreased \$6.8 million, or 2,565.2 percent, for 2009 as compared to 2008. This decrease was due primarily to the write-off in 2009 of the Company's investment in the Route 93 Portfolio venture which resulted in an increased loss of \$4.0 million and a loss of \$3.9 million in Boston Downtown Crossing venture in 2009. These were partially offset by a decreased loss in 2009 of \$1.7 million on the Mack-Gale-Green venture as compared to 2008.

The Company had a gain on reduction of other obligations of \$1.7 million on account of the expiration of the Assumed Obligations in 2009. The Company recognized a gain on sale of investments in marketable securities of \$0.5 million in 2008.

Income from continuing operations decreased to approximately \$39.2 million in 2009 from approximately \$41.7 million in 2008. The decrease of approximately \$2.5 million was due to the factors discussed above.

Net income available to common shareholders decreased by approximately \$0.8 million, from approximately \$33.3 million in 2008 to \$32.5 million in 2009. This decrease was the result of a decrease in income from continuing operations of approximately \$2.5 million for 2009 as compared to 2008, partially offset by an increase in noncontrolling interest in Operating Partnership of \$1.1 million and an increase in noncontrolling interest in consolidated joint ventures of approximately \$0.6 million for 2009 as compared to 2008.

## LIQUIDITY AND CAPITAL RESOURCES

### Liquidity

#### Overview:

Historically, rental revenue has been the Company's 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 in 2009 and possibly beyond. 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. In June 2009, the Bankruptcy Court approved a reduction in Lehman’s space to 135,190 square feet with 63,686 square feet expiring in December 2010 and 71,504 square feet expiring in April 2012. Lehman’s sub-tenants occupy 140,245 square feet and have become direct tenants of the Company, with 106,379 square feet expiring in December 2010 and 33,866 expiring in December 2013.

If economic conditions persist or deteriorate, the Company may experience increases in past due accounts, defaults, lower occupancy rates 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:

Sanofi-Aventis U.S. Inc. (“Sanofi”), which occupies neighboring buildings in Bridgewater, New Jersey, exercised its option to cause 55 Corporate Drive II LLC, to construct a building on the vacant, developable land 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 205,000 square foot building, estimated to cost approximately \$36 million, commenced in 2009 and is expected to be delivered to the tenant in July 2011. As of April 29, 2009, the Company owns 100 percent of 55 Corporate Partners L.L.C. after acquiring the remaining 50 percent interest from SLG Gale 55 Corporate LLC.

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, 2010, 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 under the Code, 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. Based upon the most recently paid quarterly common stock dividend of \$0.45 per common share, in the aggregate, such distributions would equal approximately \$141 million on an annualized basis. However, any such distribution, whether for federal income tax purposes or otherwise, would be paid out of (a) 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, and (b) for distributions with respect to a taxable year ending on or before December 31, 2009, our stock, as permitted pursuant to Internal Revenue Service Revenue Procedure 2009-15, 2009-4 I.R.B. 356. Under this Revenue Procedure, we are permitted to make taxable distributions of our stock (in lieu of cash) if (x) any such distribution is declared with respect to a taxable year ending on or before December 31, 2009, and (y) each of our stockholders is permitted to elect to receive its entire entitlement under such declaration in either cash or shares of equivalent value subject to a limitation in the amount of cash to be distributed in the aggregate; provided that (i) the amount of cash that we set aside for distribution is not less than 10 percent of the aggregate distribution so declared, and (ii) if too many of our stockholders elect to receive cash, a pro rata amount of cash will be distributed to each such stockholder electing to receive cash, but in no event will any such stockholder receive less than its entire entitlement under such declaration.



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 \$202.1 million, which were originally contributed by certain unrelated common unitholders of the Operating Partnership, 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 Martin S. Berger, director; Robert F. Weinberg, 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 \$1.8 billion, have lapsed restrictions and are subject to these conditions.

Unencumbered Properties:

As of June 30, 2009, the Company had 235 unencumbered properties, totaling 24.3 million square feet, representing 78.6 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 increased by \$11.6 million to \$33.2 million at June 30, 2009, compared to \$21.6 million at December 31, 2008. This increase was comprised of the following net cash flow items:

- 1) \$159.2 million provided by operating activities.
- 2) \$47.3 million used in investing activities, consisting primarily of the following:
  - (a) \$35.1 million used for additions to rental property; minus
  - (b) \$4.3 million used for investments in unconsolidated joint ventures, minus
  - (c) \$8.1 million used in restricted cash.
- 3) \$100.3 million used in financing activities, consisting primarily of the following:
  - (a) \$302 million from borrowings under the revolving credit facility; plus
  - (b) \$274.8 million from proceeds received from common stock offering; plus
  - (c) \$81.5 million from proceeds received from mortgages; minus

- (d) \$463 million used for repayments of borrowings under the Company's unsecured credit facility; minus
- (e) \$199.7 million used for repayments of mortgages, loans payable and other obligations; minus
- (f) \$6.2 million used for repayments of mortgages, loans payable and other obligations.

## Debt Financing

## Summary of Debt:

The following is a breakdown of the Company's debt, consisting of all fixed-rate financing as of June 30, 2009:

	Balance (\$000's)	% of Total	Weighted Average Interest Rate (a)	Weighted Average Maturity in Years
Fixed Rate Unsecured Debt and Other Obligations	\$1,334,075	63.82%	6.07%	3.57
Fixed Rate Secured Debt	756,358	36.18%	7.08%	6.48
Totals/Weighted Average:	\$2,090,433	100.00%	6.43%	4.62

## Debt Maturities:

Scheduled principal payments and related weighted average annual interest rates for the Company's debt as of June 30, 2009 are as follows:

Period	Scheduled Cash Amortization (\$000's)	Principal Maturities (\$000's)	Total (\$000's)	Weighted Avg. Interest Rate of Future Repayments (a)
July – December 31, 2009	\$ 3,599	--	\$ 3,599	7.61%
2010	8,155	\$ 334,500	342,655	5.31%
2011	9,217	300,000	309,217	7.92%
2012	9,968	210,148	220,116	6.21%
2013	9,515	145,223	154,738	5.37%
Thereafter	48,913	1,046,639	1,095,552	6.71%
Sub-total	89,367	2,036,510	2,125,877	
Adjustment for unamortized debt discount/premium and mark-to-market, net, as of June 30, 2009	(35,444)	--	(35,444)	
Totals/Weighted Average	\$ 53,923	\$2,036,510	\$2,090,433	6.43%

(a) No variable-rate borrowings were outstanding as of June 30, 2009.

## Senior Unsecured Notes:

The terms of the Company's senior unsecured notes (which totaled approximately \$1.3 billion as of June 30, 2009) 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) is LIBOR plus 55 basis points at the BBB/Baa2 pricing level. As of July 28, 2009, the Company had \$30 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 noncommitted 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 June 30, 2009, the Company had no outstanding borrowings under its 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 January 27, 2009, the Company obtained \$64.5 million in mortgage financing from Guardian Life Insurance Company of America. The two mortgage loans, which are collateralized by one and three office properties located in Clark and Red Bank, New Jersey, respectively, both bear interest at a net effective rate of 7.31 percent per annum and carry a 10-year term.

On June 30, 2009, the Company obtained \$17.0 million in mortgage financing from Valley National Bank. The mortgage loan, which is collateralized by the Company's office property in Woodbridge, New Jersey, is for a 25-year term and bears interest at a net effective rate of 6.94 percent per annum through the end of the 10th year. The coupon interest rate will be reset at the end of year 10 and year 20 at 225 basis points over the 10-year treasury yield 45 days prior to the reset dates, with a minimum rate of 6.875 percent.

#### 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 July 28, 2009, the Company had \$30 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, common and preferred stock, and/or obtaining additional mortgage debt, some or all of which may be completed during 2009. The Company currently 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 in the short term. However, if these sources of funds are insufficient or unavailable, due to current economic conditions or otherwise, 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 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. Accordingly, the Company may have to explore other alternatives to fund the Company's operating expenses, debt service, capital expenditures and dividends. While the Company expects to be able to do so, there can be no assurance it will be able to do so on terms that are economically attractive or at all.

#### Equity Financing and Registration Statements

##### Common Stock:

On May 6, 2009 the Company completed a public offering of 11,500,000 shares of Common Stock and used the net proceeds, which totaled approximately \$274.8 million (after offering costs), to repay borrowings under its unsecured revolving credit facility.



## 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 six months ended June 30, 2009:

	Common Stock	Common Units	Total
Outstanding at January 1, 2009	66,419,055	14,437,731	80,856,786
Common Stock Offering	11,500,000	--	11,500,000
Common units redeemed for Common Stock	412,976	(412,976)	--
Cancellation of Restricted Stock	(3,000)	--	(3,000)
Shares issued under Dividend Reinvestment and Stock Purchase Plan	5,189	--	5,189
Outstanding at June 30, 2009	78,334,220	14,024,755	92,358,975

## 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 June 30, 2009, the Company has a remaining authorization under the Repurchase Program of \$46 million.

## Dividend Reinvestment and Stock Purchase Plan:

The Company has a Dividend Reinvestment and Stock Purchase Plan (the "DRIP") which commenced in March 1999 under which 5.5 million shares of the Company's common stock have been reserved for future issuance. The DRIP provides for automatic reinvestment of all or a portion of a participant's dividends from the Company's shares of common stock. The DRIP also permits participants to make optional cash investments up to \$5,000 a month without restriction and, if the Company waives this limit, for additional amounts subject to certain restrictions and other conditions set forth in the DRIP prospectus filed as part of the Company's effective registration statement on Form S-3 filed with the Securities and Exchange Commission ("SEC") for the 5.5 million shares of the Company's common stock reserved for issuance under the DRIP.

## Shelf Registration Statements:

The Company has an effective shelf registration statement on Form S-3 filed with the SEC for an aggregate amount of \$2.0 billion in common stock, preferred stock, depositary shares, and/or warrants of the Company, under which \$287.5 million of securities have been sold through July 28, 2009 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 no securities have been sold as of July 28, 2009.

## 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 Corporation, the Company's joint venture partner.

The Company's off-balance sheet arrangements are further discussed in Note 4: 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 June 30, 2009:

(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	\$1,645,940	\$228,744	\$532,326	\$493,732	\$ 391,138	--
Mortgages, loans payable and other obligations	1,089,108	222,421	97,890	142,894	604,195	\$21,708
Payments in lieu of taxes (PILOT)	59,619	4,243	12,936	8,807	24,743	8,890
Ground lease payments	36,798	510	1,507	1,049	2,240	31,492
<b>Total</b>	<b>\$2,831,465</b>	<b>\$455,918</b>	<b>\$644,659</b>	<b>\$646,482</b>	<b>\$1,022,316</b>	<b>\$62,090</b>

## 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:

- risks and uncertainties affecting the general economic climate and conditions, including the impact of the general economic recession as it impacts the national and local economies, which in turn may have a negative effect on the fundamentals of our business and the financial condition of our tenants;

- the value of our real estate assets, which may limit our ability to dispose of assets at attractive prices or obtain or maintain debt financing secured by our properties or on an unsecured basis;
  - 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 and volatility in the security markets;
      - changes in operating costs;
    - our ability to obtain adequate insurance, including coverage for terrorist acts;
- the availability of financing on attractive terms or at all, which may adversely impact our ability to pursue acquisition and development opportunities and refinance existing debt and our future interest expense;
  - 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, 2008. We assume no obligation to update and supplement forward-looking statements that become untrue because of subsequent events, new information or otherwise.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

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.

All of the Company's long-term debt as of June 30, 2009 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 (in thousands) based upon maturity dates of the debt obligations and the related weighted-average interest rates by expected maturity dates for the fixed-rate debt.

June 30, 2009

Debt, i n c l u d i n g 7/1/09- current portion 12/31/09 ( \$ ' s i n thousands)		2010	2011	2012	2013	Thereafter	Sub-total	Other (a)	Total	Fair Value
Fixed Rate	\$3,599	\$342,655	\$309,217	\$220,116	\$154,738	\$1,095,552	\$2,125,877	\$(35,444)	\$2,090,433	\$1,898,378
A v e r a g e Interest Rate	7.61%	5.31%	7.92%	6.21%	5.37%	6.71%			6.43%	--

(a) Adjustment for unamortized debt discount/premium and mark-to-market, net, as of June 30, 2009.

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 June 30, 2009, the Company issued 410,988 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

(a) Not Applicable.

(b) Not Applicable.

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

(a) On June 2, 2009, the Company held its Annual Meeting of Stockholders (the “Annual Meeting”) to elect four members of the Board of Directors of the Company, among other things.

(b) At the Annual Meeting, the Company’s stockholders elected the following four Class III directors to serve until the Company’s annual meeting of stockholders to be held in 2012; Mitchell E. Hersh (Number of shares for: 61,868,079, Number of shares withheld: 879,316, Number of shares abstained: 0), John R. Cali (62,018,019, Number of shares withheld: 729,376, Number of shares abstained: 0), Irvin D. Reid (61,841,685, Number of shares withheld: 906,710, Number of shares abstained: 0), and Martin S. Berger (Number of shares for: 61,836,152, Number of shares withheld: 911,243, Number of shares abstained: 0).

The following directors’ terms of office as directors of the Company continued following the Annual Meeting: William L. Mack, Alan S. Bernikow, Kenneth M. Duberstein, Nathan Gantcher, David S. Mack, Alan S. Philibosian, Vincent Tese and Roy J. Zuckerberg.

(c) At the Annual Meeting, the Company’s stockholders also voted upon and approved the ratification of the appointment of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm for the ensuing year (Number of shares for 62,459,015, Number of shares against: 196,808, Number of shares abstained: 91,572).

(d) None.



MACK-CALI REALTY CORPORATION

Part II – Other Information (continued)

Item 5. Other Information

(a) None.

(b) None.

Item 6. Exhibits

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

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MACK-CALI REALTY CORPORATION

Signatures

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

Mack-Cali Realty Corporation  
(Registrant)

Date: July 29, 2009

By: /s/ Mitchell E. Hersh  
Mitchell E. Hersh  
President and  
Chief Executive Officer

Date: July 29, 2009

By: /s/ Barry Lefkowitz  
Barry Lefkowitz  
Executive Vice President  
and  
Chief Financial Officer

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	Letter Agreement dated December 9, 2008 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 9, 2008 and incorporated herein by reference).
10.3	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).

- 10.4 Letter Agreement dated December 9, 2008 by and between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.5 to the Company's Form 8-K dated December 9, 2008 and incorporated herein by reference).
- 10.5 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).
- 10.6 Letter Agreement dated December 9, 2008 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 9, 2008 and incorporated herein by reference).
- 10.7 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).

Exhibit Number	Exhibit Title
10.8	Letter Agreement dated December 9, 2008 by and between Mack-Cali Realty Corporation and Michael Grossman (filed as Exhibit 10.6 to the Company's Form 8-K dated December 9, 2008 and incorporated herein by reference).
10.9	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).
10.10	Letter Agreement dated December 9, 2008 by and between Mack-Cali Realty Corporation and Mark Yeager (filed as Exhibit 10.7 to the Company's Form 8-K dated December 9, 2008 and incorporated herein by reference).
10.11	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).
10.12	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).
10.13	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).
10.14	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).
10.15	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).
10.16	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).
10.17	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).

reference).

- 10.18 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).
- 10.19 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).
- 10.20 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).

Exhibit Number	Exhibit Title
10.21	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).
10.22	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).
10.23	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).
10.24	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).
10.25	First Amendment effective as of January 2, 2003 to the Restricted Share Award Agreement dated March 12, 2001 between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.13 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.26	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).
10.27	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).
10.28	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).
10.29	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).

- 10.30 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).
- 10.31 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
10.32	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).
10.33	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).
10.34	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).
10.35	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).
10.36	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).
10.37	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).
10.38	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).
10.39	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).
10.40	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).

- 10.41 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).
- 10.42 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
10.43	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).
10.44	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).
10.45	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).
10.46	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).
10.47	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).
10.48	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).
10.49	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).
10.50	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).
10.51	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).

- 10.52 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).
- 10.53 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
10.54	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).
10.55	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).
10.56	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).
10.57	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).
10.58	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).
10.59	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).
10.60	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).
10.61	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).
10.62	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).

- 10.63 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).
- 10.64 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).
- 10.65 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).

Exhibit Number	Exhibit Title
10.66	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).
10.67	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).
10.68	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).
10.69	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).
10.70	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).
10.71	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).
10.72	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).
10.73	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).
10.74	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).

- 10.75 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).
- 10.76 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).
- 10.77 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).
- 10.78 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).

Exhibit Number	Exhibit Title
10.79	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).
10.80	Form of Restricted Share Award Agreement effective December 4, 2007 by and between Mack-Cali Realty Corporation and each of William L. Mack, Martin S. Berger, Alan S. Bernikow, John R. Cali, Kenneth M. Duberstein, Nathan Gantcher, David S. Mack, Alan G. Philibosian, Dr. Irvin D. Reid, Vincent Tese and Roy J. Zuckerberg (filed as Exhibit 10.3 to the Company's Form 8-K dated December 4, 2007 and incorporated herein by reference).
10.81	Form of Restricted Share Award Agreement effective December 9, 2008 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 9, 2008 and incorporated herein by reference).
10.82	Form of Restricted Share Award Agreement effective December 9, 2008 by and between Mack-Cali Realty Corporation and each of William L. Mack, Alan S. Bernikow, John R. Cali, Kenneth M. Duberstein, Nathan Gantcher, David S. Mack, Alan G. Philibosian, Dr. Irvin D. Reid, Vincent Tese, Robert F. Weinberg and Roy J. Zuckerberg (filed as Exhibit 10.2 to the Company's Form 8-K dated December 9, 2008 and incorporated herein by reference).
10.83	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).
10.84	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).
10.85	

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).

- 10.86 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).
- 10.87 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
10.88	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).
10.89	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).
10.90	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).
10.91	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).
10.92	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).
10.93	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).
10.94	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).
10.95	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).
10.96	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).

- 10.97 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
10.98	Amended and Restated Mack-Cali Realty Corporation Deferred Compensation Plan for Directors (filed as Exhibit 10.3 to the Company's Form 8-K dated December 9, 2008 and incorporated herein by reference).
10.99	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. Philibosian, 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).
10.100	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).
10.101	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).
10.102	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).
10.103	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).
10.104	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).

- 10.105 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).
- 10.106 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
10.107	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).
10.108	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).
10.109	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).
10.110	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).
10.111	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).
10.112	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).
10.113	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 and incorporated herein by reference).

- 10.114 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
10.115	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).
10.116	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).
10.117	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).
10.118	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).
10.119	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).
10.120	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).
10.121	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).
10.122	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).

- 10.123 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).
- 10.124 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).
- 10.125 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
10.126	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).
10.127	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).
10.128	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).
10.129	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).
10.130	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).
10.131	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).
10.132	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).
10.133	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).
10.134	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).

- 10.135 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).
- 10.136 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
10.137	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).
10.138	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).
10.139	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).
10.140	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 (filed as Exhibit 10.131 to the Company's Form 10-Q dated September 30, 2008 and incorporated herein by reference).
10.141	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. (filed as Exhibit 10.132 to the Company's Form 10-Q dated September 30, 2008 and incorporated herein by reference).
10.142	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 (filed as Exhibit 10.133 to the Company's Form 10-Q dated September 30, 2008 and incorporated herein by reference).
10.143	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 (filed as Exhibit 10.134 to the Company's Form 10-Q dated September 30, 2008 and incorporated herein by reference).

- 10.144 Amended and Restated Loan Agreement by and among 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, collectively, as Borrowers and Gramercy Warehouse Funding I LLC, as Lender, dated April 29, 2009 (filed as Exhibit 10.144 to the Company's Form 10-Q dated March 31, 2009 and incorporated herein by reference).
- 10.145 Amended and Restated 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, dated April 29, 2009 (filed as Exhibit 10.145 to the Company's Form 10-Q dated March 31, 2009 and incorporated herein by reference).
- 10.146 Limited Liability Company Membership Interest Purchase and Sale Agreement dated April 29, 2009 by and among Gale SLG NJ LLC, Mack-Cali Ventures L.L.C., SLG Gale 55 Corporation LLC and 55 Corporate Partners L.L.C. (filed as Exhibit 10.146 to the Company's Form 10-Q dated March 31, 2009 and incorporated herein by reference).

Exhibit Number	Exhibit Title
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

