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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2008

or

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

For the transition period from

to

Commission File Number:

1-13274

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 NO

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

Large accelerated filer

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

MACK-CALI REALTY CORPORATION

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

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

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

MACK-CALI REALTY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (in thousands, except per share amounts) (unaudited)

	September 30, 2008	December 31, 2007
ASSETS		
Rental property		
Land and leasehold interests	\$ 729,549	\$ 726,253
Buildings and improvements	3,783,728	3,753,088
Tenant improvements	417,954	397,132
Furniture, fixtures and equipment	8,880	8,956
	4,940,111	4,885,429
Less – accumulated depreciation and amortization	(1,002,168)	(907,013)
Net investment in rental property	3,937,943	3,978,416
Cash and cash equivalents	7,680	24,716
Marketable securities available for sale at fair value	--	4,839
Investments in unconsolidated joint ventures	179,809	181,066
Unbilled rents receivable, net	109,768	107,761
Deferred charges and other assets, net	226,071	246,386
Restricted cash	12,189	13,613
Accounts receivable, net of allowance for doubtful accounts of \$2,386 and \$1,576	19,430	36,405
Total assets	\$ 4,492,890	\$ 4,593,202
LIABILITIES AND STOCKHOLDERS' EQUITY		
Senior unsecured notes	\$ 1,633,345	\$ 1,632,547
Revolving credit facility	293,000	250,000
Mortgages, loans payable and other obligations	304,516	329,188
Dividends and distributions payable	52,168	52,099
Accounts payable, accrued expenses and other liabilities	124,229	142,778
Rents received in advance and security deposits	53,389	51,992
Accrued interest payable	18,578	34,193
Total liabilities	2,479,225	2,492,797
Minority interests:		
Operating Partnership	436,652	456,436
Consolidated joint ventures	1,164	1,414
Total minority interests	437,816	457,850
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 5,000,000 shares authorized, 10,000 and 10,000 shares outstanding, at liquidation preference	25,000	25,000
Common stock, \$0.01 par value, 190,000,000 shares authorized, 65,875,466 and 65,558,073 shares outstanding	657	656
Additional paid-in capital	1,890,134	1,886,467
Dividends in excess of net earnings	(339,942)	(269,521)
Accumulated other comprehensive income (loss)	--	(47)
Total stockholders' equity	1,575,849	1,642,555
Total liabilities and stockholders' equity	\$ 4,492,890	\$ 4,593,202

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

MACK-CALI REALTY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS *(in thousands, except per share amounts) (unaudited)*

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2008	2007	2008	2007
REVENUES				
Base rents	\$ 147,809	\$ 145,535	\$ 444,499	\$ 427,574
Escalations and recoveries from tenants	29,755	27,491	82,065	79,477
Construction services	12,268	22,912	36,334	68,722
Real estate services	3,347	5,567	10,016	13,267
Other income	11,184	11,376	18,955	17,628
Total revenues	204,363	212,881	591,869	606,668
EXPENSES				
Real estate taxes	23,361	22,422	71,522	69,744
Utilities	24,706	21,944	65,794	54,818
Operating services	25,955	27,096	79,080	79,070
Direct construction costs	11,104	22,479	34,087	66,024
General and administrative	10,767	13,411	33,099	37,351
Depreciation and amortization	49,242	49,790	144,550	135,064
Total expenses	145,135	157,142	428,132	442,071
Operating income	59,228	55,739	163,737	164,597
OTHER (EXPENSE) INCOME				
Interest expense	(31,163)	(32,163)	(94,963)	(94,432)
Interest and other investment income	257	985	1,115	4,173
Equity in earnings (loss) of unconsolidated joint ventures	(269)	(1,559)	(533)	(5,486)
Minority interest in consolidated joint ventures	147	51	286	492
Gain on sale of marketable securities	--	--	471	--
Total other (expense) income	(31,028)	(32,686)	(93,624)	(95,253)
Income from continuing operations before minority interest in Operating Partnership	28,200	23,053	70,113	69,344
Minority interest in Operating Partnership	(5,131)	(4,146)	(12,751)	(12,564)
Income from continuing operations	23,069	18,907	57,362	56,780
Discontinued operations (net of minority interest):				
Income from discontinued operations	--	20	--	1,057
Realized gains (losses) and unrealized losses on disposition of rental property, net	--	4,533	--	36,280
Total discontinued operations, net	--	4,553	--	37,337
Net income	23,069	23,460	57,362	94,117
Preferred stock dividends	(500)	(500)	(1,500)	(1,500)
Net income available to common shareholders	\$ 22,569	\$ 22,960	\$ 55,862	\$ 92,617
Basic earnings per common share:				
Income from continuing operations	\$ 0.34	\$ 0.27	\$ 0.85	\$ 0.82
Discontinued operations	\$ --	\$ 0.07	\$ --	\$ 0.56
Net income available to common shareholders	\$ 0.34	\$ 0.34	\$ 0.85	\$ 1.38
Diluted earnings per common share:				
Income from continuing operations	\$ 0.34	\$ 0.27	\$ 0.85	\$ 0.82
Discontinued operations	\$ --	\$ 0.07	\$ --	\$ 0.55
Net income available to common shareholders	\$ 0.34	\$ 0.34	\$ 0.85	\$ 1.37
Dividends declared per common share	\$ 0.64	\$ 0.64	\$ 1.92	\$ 1.92
Basic weighted average shares outstanding	65,519	67,688	65,438	67,068
Diluted weighted average shares outstanding	80,617	83,088	80,573	82,515

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

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

	Preferred Stock		Common Stock		Additional	Dividends in	Accumulated	Total	Comprehensive
	Shares	Amount	Shares	Par Value	Paid-In	Excess of	Other	Stockholders'	Income
					Capital	Net Earnings	Comprehensive	Equity	
							Income (Loss)		
Balance at January 1, 2008	10	\$25,000	65,558	\$656	\$1,886,467	\$(269,521)	\$ (47)	\$1,642,555	--
Net income	--	--	--	--	--	57,362	--	57,362	\$57,362
Preferred stock dividends	--	--	--	--	--	(1,500)	--	(1,500)	--
Common stock dividends	--	--	--	--	--	(126,283)	--	(126,283)	--
Redemption of common units for common stock	--	--	129	1	3,883	--	--	3,884	--
Shares issued under Dividend Reinvestment and Stock Purchase Plan	--	--	6	--	249	--	--	249	--
Stock options exercised	--	--	82	--	2,311	--	--	2,311	--
Comprehensive Gain:									
Unrealized holding gain on marketable securities available for sale	--	--	--	--	--	--	518	518	518
Directors Deferred comp. plan	--	--	--	--	288	--	--	288	--
Issuance of restricted stock	--	--	253	--	--	--	--	--	--
Stock Compensation	--	--	--	2	2,163	--	--	2,165	--
Cancellation of restricted stock	--	--	(2)	--	(31)	--	--	(31)	--
Repurchase of Common Stock	--	--	(151)	(2)	(5,196)	--	--	(5,198)	--
Reclassification adjustment for realized gain included in net income	--	--	--	--	--	--	(471)	(471)	(471)
Balance at September 30, 2008	10	\$25,000	65,875	\$657	\$1,890,134	\$(339,942)	--	\$1,575,849	\$57,409

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

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

	Nine Months Ended September 30,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 57,362	\$ 94,117
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, including related intangibles	140,154	135,064
Depreciation and amortization on discontinued operations	--	424
Stock options expense	--	99
Amortization of stock compensation	2,165	2,613
Amortization of deferred financing costs and debt discount	2,124	2,101
Equity in (earnings) loss of unconsolidated joint ventures	533	5,486
Minority interest in Operating Partnership	12,751	12,564
Minority interest in consolidated joint ventures	(286)	(492)
Minority interest in income from discontinued operations	--	240
Gain on sale of marketable securities	(471)	--
Realized (gain) losses and unrealized losses on disposition of rental property (net of minority interest)	--	(36,280)
Distribution of cumulative earnings from unconsolidated joint ventures	3,841	1,875
Changes in operating assets and liabilities:		
Increase in unbilled rents receivable, net	(1,912)	(6,480)
Increase in deferred charges and other assets, net	(17,339)	(29,455)
Decrease (increase) in accounts receivable, net	16,975	(1,934)
(Decrease) increase in accounts payable, accrued expenses and other liabilities	(12,988)	7,733
Increase (decrease) in rents received in advance and security deposits	1,397	(1,131)
Decrease in accrued interest payable	(15,615)	(15,319)
Net cash provided by operating activities	\$ 188,691	\$ 171,225
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to rental property and related intangibles	\$ (68,420)	\$ (356,178)
Repayments of notes receivable	125	120
Investment in unconsolidated joint ventures	(6,584)	(22,310)
Purchase of marketable securities available for sale	--	(4,884)
Distribution from unconsolidated joint ventures	3,274	992
Proceeds from sale of rental property	--	57,204
Proceeds from sale of marketable securities	5,355	--
Proceeds from sale of investment in joint ventures	--	575
Decrease in restricted cash	1,424	1,809
Net cash used in investing activities	\$ (64,826)	\$ (322,672)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings from revolving credit facility	\$ 630,100	\$ 395,000
Repayment of revolving credit facility	(587,100)	(374,000)
Borrowings from money market loans	352,000	--
Repayment of money market loans	(352,000)	--
Repayment of mortgages, loans payable and other obligations	(24,570)	(25,433)
Proceeds from offering of Common Stock	--	251,732
Payment of financing costs	(79)	(1,801)
Repurchase of Common Stock	(5,198)	(11,172)
Proceeds from stock options exercised	2,311	3,675
Payment of dividends and distributions	(156,365)	(157,796)
Net cash (used in) provided by financing activities	\$ (140,901)	\$ 80,205
Net decrease in cash and cash equivalents	\$ (17,036)	\$ (71,242)
Cash and cash equivalents, beginning of period	24,716	101,223
Cash and cash equivalents, end of period	\$ 7,680	\$ 29,981

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

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

1. ORGANIZATION AND BASIS OF PRESENTATION

ORGANIZATION

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

BASIS OF PRESENTATION

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

***Rental
Property***

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

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

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

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

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

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

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

On a periodic basis, management assesses whether there are any indicators that the value of the Company's real estate properties held for use may be impaired. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property is less than the carrying value of the property. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the property over the fair value of the property. The Company's estimates of aggregate future cash flows expected to be generated by each property are based on a number of assumptions that are subject to economic and market uncertainties including, among others, demand for space, competition for tenants, changes in market rental rates, and costs to operate each property. As these factors are difficult to predict and are subject to future events that may alter management's assumptions, the future cash flows estimated by management in its impairment analyses may not be achieved. Management does not believe that the value of any of the Company's rental properties is impaired.

***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. See Note 5: Discontinued Operations.

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

***Investments in
Unconsolidated
Joint Ventures***

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

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

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

Cash and Cash Equivalents	All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.
Marketable Securities	<p>The Company classifies its marketable securities among three categories: held-to-maturity, trading and available-for-sale. Unrealized holding gains and losses relating to available-for-sale securities are excluded from earnings and reported as other comprehensive income (loss) in stockholders' equity until realized. A decline in the market value of any marketable security below cost that is deemed to be other than temporary results in a reduction in the carrying amount to fair value. Any impairment would be charged to earnings and a new cost basis for the security established.</p> <p>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.</p> <p>The Company received \$0 and \$65,000 in dividend income from its holdings in marketable securities during the three and nine months ended September 30, 2008, respectively. During the nine months ended September 30, 2008, the Company disposed of its marketable securities, and realized a gain of \$471,000.</p>
Deferred Financing Costs	Costs incurred in obtaining financing are capitalized and amortized on a straight-line basis, which approximates the effective interest method, over the term of the related indebtedness. Amortization of such costs is included in interest expense and was \$708,000 and \$680,000 for the three months ended September 30, 2008 and 2007, respectively, and \$2,124,000 and \$2,101,000 for the nine months ended September 30, 2008 and 2007, respectively.
Deferred Leasing Costs	Costs incurred in connection with leases are capitalized and amortized on a straight-line basis over the terms of the related leases and included in depreciation and amortization. Unamortized deferred leasing costs are charged to amortization expense upon early termination of the lease. Certain employees of the Company are compensated for providing leasing services to the Properties. The portion of such compensation, which is capitalized and amortized, approximated \$895,000 and \$929,000 for the three months ended September 30, 2008 and 2007, respectively, and \$2,549,000 and \$2,993,000 for the nine months ended September 30, 2008 and 2007, respectively.
Derivative Instruments	The Company measures derivative instruments, including certain derivative instruments embedded in other contracts, at fair value and records them as an asset or liability, depending on the Company's rights or obligations under the applicable derivative contract. For derivatives designated and qualifying as fair value hedges, the changes in the fair value of both the derivative instrument and the hedged item are recorded in earnings. For derivatives designated as cash flow hedges, the effective portions of the derivative are reported in other comprehensive income ("OCI") and are subsequently reclassified into earnings when the hedged item affects earnings. Changes in fair value of derivative instruments not designated as hedging and ineffective portions of hedges are recognized in earnings in the affected period.
Revenue Recognition	Base rental revenue is recognized on a straight-line basis over the terms of the respective leases. Unbilled rents receivable represents the amount by which straight-line rental revenue exceeds rents currently billed in accordance with the lease agreements. Above-market and below-market lease values for acquired properties are recorded based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management's estimate of fair market lease rates for each corresponding in-place lease, measured over a period equal to the remaining term of the lease for above-market leases and the initial term plus the term of any below-market fixed-rate renewal options for below-market leases. The capitalized above-market lease values for acquired properties are amortized as a reduction of base rental revenue over the remaining term of the respective leases, and the capitalized below-market lease values are amortized as an increase to base rental revenue over the remaining initial terms plus the terms of any below-market fixed-rate renewal options of the respective leases. Escalations and recoveries from tenants are received from tenants for certain costs as provided in the lease agreements. These costs generally include real estate taxes, utilities, insurance, common area maintenance and other recoverable costs. See Note 12: Tenant Leases. Construction services revenue includes fees earned and reimbursements received by the Company for providing construction management and general contractor services to clients. Construction services revenue is recognized on the percentage of completion method. Using this method, profits are recorded on the basis of estimates of the overall profit and percentage of completion of individual contracts. A portion of the estimated profits is accrued based upon estimates of the percentage of completion of the construction contract. This revenue recognition method involves inherent risks relating to profit and cost estimates. Real estate services revenue includes property management, facilities management, leasing commission fees and other services, and payroll and related costs reimbursed from clients. Other income includes income from parking spaces leased to tenants, income from tenants for additional services arranged for by the Company and income from tenants for early lease terminations.

Allowance 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 September 30, 2008 represents dividends payable to preferred shareholders (10,000 shares) and common shareholders (65,877,659 shares), and distributions payable to minority interest common unitholders of the Operating Partnership (14,854,139 common units) for all such holders of record as of October 3, 2008 with respect to the third quarter 2008. The third quarter 2008 preferred stock dividends of \$50.00 per share, common stock dividends and common unit distributions of \$0.64 per common share and unit were approved by the Board of Directors on September 16, 2008. The common stock dividends and common unit distributions payable were paid on October 10, 2008. The preferred stock dividends payable were paid on October 15, 2008.

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

Costs 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 restricted stock and stock options expense of \$715,000 and \$907,000 for the three months ended September 30, 2008 and 2007, respectively, and \$2,135,000 and \$2,711,000 for the nine months ended September 30, 2008 and 2007, respectively.

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

3. INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

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

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

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

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

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

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

SOUTH PIER AT HARBORSIDE – HOTEL DEVELOPMENT

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

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

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

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

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

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

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

MACK-GREEN-GALE LLC

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

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

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

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

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

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

GE/GALE FUNDING LLC (PFV)

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

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

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

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

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

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

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

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

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

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

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

GALE KIMBALL, L.L.C.

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

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

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

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

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

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

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

55 CORPORATE PARTNERS, LLC

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

In November 2007, Sanofi-Aventis U.S. Inc. (“Sanofi”), which occupies neighboring buildings, exercised its option to cause the venture to construct a building on the Property and has signed a lease thereof. The lease has a term of fifteen years, subject to three five-year extension options. The construction of the building, estimated to cost approximately \$54 million, is not required to commence until July 1, 2009 for a July 2011 delivery; however, if Sanofi gives a Construction Start Date Acceleration Notice in accordance with the provisions of its lease, then construction shall promptly commence after the necessary permits are obtained, even if such construction start date shall occur prior to July 1, 2009.

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

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

12 VREELAND ASSOCIATES, L.L.C.

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

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

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

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

BOSTON-FIENES

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

On January 25, 2007, (i) each of the M-C/Gale JV LLC and Washington Street Realty Member LLC ("JPM") formed a joint venture ("JPM JV LLC"), (ii) M-C/Gale JV LLC assigned its entire 50 percent ownership interest in the Vornado JV LLC to JPM JV LLC, (iii) the Limited Liability Company Agreement of Vornado JV LLC was amended to reflect, among other things, the change in the ownership structure described in subsection (ii) above, and (iv) the Limited Liability Company Agreement of M-C/Gale JV LLC was amended and restated to reflect, among other things, the change in the ownership structure described in subsection (ii) above. The Vornado JV LLC acquired the Fienes 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 Fienes 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 "Fienes Office/Retail Component") and Vornado JV II LLC owns the interests in the parking unit, the hotel unit and the residential unit ("the Fienes 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 Fienes 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 Fienes 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 Fienes Property.

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

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

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

NKFGMS OWNERS, LLC

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

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

GALE JEFFERSON, L.L.C.

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

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

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

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

SUMMARIES OF UNCONSOLIDATED JOINT VENTURES

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

	September 30, 2008												
	Plaza VIII & IX Associates	Ramland Realty	Harborside South Pier	Red Bank Corporate Plaza I & II	Mack- Green- Gale	Princeton Forrestal Village	Route 93 Portfolio	Gale Kimball	55 Corporate	12 Vreeland	Boston- Filenes	Gale Jefferson	Combined Total
Assets:													
Rental property, net	\$10,326	\$6,962	\$62,595	\$23,388	\$361,832	\$42,728	\$56,945	\$9,704	\$17,000	\$14,704	--	--	\$606,184
Other assets	2,954	936	17,703	4,011	43,960	24,101	1,255	598	896	800	\$91,695	\$4,122	193,031
Total assets	\$13,280	\$7,898	\$80,298	\$27,399	\$405,792	\$66,829	\$58,200	\$10,302	\$17,896	\$15,504	\$91,695	\$4,122	\$799,215
Liabilities and Partners'/ members' capital (deficit):													
Mortgages, loans payable and other obligations	--	\$14,636	\$75,081	\$19,140	\$277,721	\$52,800	\$42,999	\$11,750	--	\$7,614	--	--	\$501,741
Other liabilities	\$ 530	877	4,987	76	22,051	6,690	951	15	--	--	\$16,776	\$2,284	55,237
Partners'/members' capital (deficit)	12,750	(7,615)	230	8,183	106,020	7,339	14,250	(1,463)	\$17,896	7,890	74,919	1,838	242,237
Total liabilities and partners'/ members' capital (deficit)	\$13,280	\$7,898	\$80,298	\$27,399	\$405,792	\$66,829	\$58,200	\$10,302	\$17,896	\$15,504	\$91,695	\$4,122	\$799,215
Company's investment in unconsolidated joint ventures, net	\$ 6,297	--	\$ 59	\$3,822	\$121,483	\$1,763	\$4,477	--	\$9,068	\$8,136	\$23,959	\$ 745	\$179,809

	December 31, 2007												
	Plaza VIII & IX Associates	Ramland Realty	Harborside South Pier	Red Bank Corporate Plaza I & II	Mack- Green- Gale	Princeton Forrestal Village	Route 93 Portfolio	Gale Kimball	55 Corporate	12 Vreeland	Boston- Filenes	Gale Jefferson	Combined Total
Assets:													
Rental property, net	\$10,787	\$7,254	\$65,611	\$23,618	\$368,028	\$42,517	\$57,368	--	\$17,000	\$7,954	--	--	\$600,137
Other assets	2,250	763	17,995	2,818	52,741	25,679	3,323	\$9,622	--	851	\$81,651	\$1,918	199,611
Total assets	\$13,037	\$8,017	\$83,606	\$26,436	\$420,769	\$68,196	\$60,691	\$9,622	\$17,000	\$8,805	\$81,651	\$1,918	\$799,748
Liabilities and Partners'/ members' capital (deficit):													
Mortgages, loans payable and other obligations	--	\$14,771	\$76,072	\$18,116	\$281,746	\$52,800	\$42,495	--	--	\$8,761	--	--	\$494,761
Other liabilities	\$ 532	366	6,324	132	23,809	6,847	1,809	\$10,133	--	--	\$20,678	\$ 80	70,710
Partners'/members' capital (deficit)	12,505	(7,120)	1,210	8,188	115,214	8,549	16,387	(511)	\$17,000	44	60,973	1,838	234,277
Total liabilities and partners'/ members' capital (deficit)	\$13,037	\$8,017	\$83,606	\$26,436	\$420,769	\$68,196	\$60,691	\$9,622	\$17,000	\$8,805	\$81,651	\$1,918	\$799,748
Company's investment in unconsolidated joint ventures, net	\$ 6,175	--	\$ 513	\$3,703	\$128,107	\$2,029	\$4,729	--	\$8,518	\$7,752	\$18,828	\$ 712	\$181,066

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

	Three Months Ended September 30, 2008													
	Plaza VIII & IX Associates	Ramland Realty	Harborside South Pier	Red Bank Corporate Plaza I & II	Mack- Gale- Green	Princeton Forrestal Village	Route 93 Portfolio	Gale Kimball	55 Corporate	12Boston- Vreeland	NKFGMS Owners LLC	Gale Jefferson	Combined Total	
Total revenues	\$307	\$ 395	\$11,232	\$ 793	\$12,457	\$2,719	\$ 773	\$ 409	--	\$597	\$ 1	--	--	\$29,683
Operating and other expenses	(40)	(284)	(6,670)	(210)	(5,155)	(1,889)	(852)	(146)	--	(16)	--	--	--	(15,262)
Depreciation and amortization	(153)	(118)	(991)	(148)	(5,075)	(929)	(497)	(86)	--	(128)	--	--	--	(8,125)
Interest expense	--	(179)	(1,165)	(187)	(4,227)	(801)	(548)	(184)	--	(136)	--	--	--	(7,427)
Net income	\$114	\$(186)	\$2,406	\$ 248	\$(2,000)	\$(900)	\$(1,124)	\$ (7)	--	\$317	\$ 1	--	--	\$(1,131)
Company's equity in earnings (loss) of unconsolidated joint ventures	\$ 57	--	\$1,203	\$ 124	\$(1,326)	\$(187)	\$(337)	\$ 38	--	\$159	--	--	--	\$(269)

	Three Months Ended September 30, 2007													
	Plaza VIII & IX Associates	Ramland Realty	Harborside South Pier	Red Bank Corporate Plaza I & II	Mack- Gale- Green	Princeton Forrestal Village	Route 93 Portfolio	Gale Kimball	55 Corporate	12Boston- Vreeland	NKFGMS Owners LLC	Gale Jefferson	Combined Total	
Total revenues	\$257	\$ 478	\$10,640	\$ 180	\$17,065	\$3,905	\$ 722	\$ 1	--	\$440	\$141	--	--	\$33,829
Operating and other expenses	(49)	(402)	(6,441)	(3)	(7,983)	(1,899)	(948)	(93)	--	(17)	(7)	--	--	(17,842)
Depreciation and amortization	(154)	(176)	(1,496)	(50)	(6,581)	(790)	181	(146)	--	(88)	--	--	--	(9,300)
Interest expense	--	(267)	(1,194)	(50)	(6,870)	(1,248)	(904)	(382)	--	(110)	--	--	--	(11,025)
Net income	\$ 54	\$(367)	\$1,509	\$ 77	\$(4,369)	\$(32)	\$(949)	\$(620)	--	\$225	\$134	--	--	\$(4,338)
Company's equity in earnings (loss) of unconsolidated joint ventures	\$ 27	\$(200)	\$755	\$ 69	\$(2,012)	\$(14)	\$(285)	\$(52)	--	\$113	\$40	--	--	\$(1,559)

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

Nine Months Ended September 30, 2008														
	Plaza VIII & IX Associates	Ramland Realty	Harborside South Pier	Red Bank Corporate Plaza I & II	Mack- Gale- Green	Princeton Forrestal Village	Route 93 Portfolio	Gale Kimball	55 Corporate	12 Boston- Vreeland	Boston- Filenes	NKFGMS Owners LLC	Gale Jefferson	Combined Total
Total revenues	\$ 843	\$1,339	\$32,579	\$2,396	\$37,285	\$8,862	\$2,100	\$1,214	--	\$1,589	\$ 51	--	\$ 1	\$88,259
Operating and other expenses	(137)	(881)	(19,115)	(596)	(15,427)	(4,881)	(2,551)	(388)	--	(58)	--	--	(1)	(44,035)
Depreciation and amortization	(461)	(363)	(3,919)	(445)	(14,529)	(2,683)	(1,288)	(253)	--	(383)	--	--	--	(24,324)
Interest expense	--	(590)	(3,525)	(602)	(13,162)	(2,604)	(1,899)	(518)	--	(380)	--	--	--	(23,280)
Net income	\$ 245	\$(495)	\$6,020	\$ 753	\$(5,833)	\$(1,306)	\$(3,638)	\$ 55	--	\$ 768	\$ 51	--	--	\$(3,380)
Company's equity in earnings (loss) of unconsolidated joint ventures	\$ 123	--	\$3,046	\$ 376	\$(3,938)	\$(267)	\$(701)	\$ 426	--	\$ 384	\$ 18	--	--	\$(533)

Nine Months Ended September 30, 2007														
	Plaza VIII & IX Associates	Ramland Realty	Harborside South Pier	Red Bank Corporate Plaza I & II	Mack- Gale- Green	Princeton Forrestal Village	Route 93 Portfolio	Gale Kimball	55 Corporate	12 Boston- Vreeland	Boston- Filenes	NKFGMS Owners LLC	Gale Jefferson	Combined Total
Total revenues	\$ 731	\$1,523	\$30,944	\$ 242	\$50,757	\$9,157	\$1,785	\$ 3	--	\$1,488	\$ 672	--	--	\$97,302
Operating and other expenses	(132)	(1,166)	(18,947)	(5)	(23,141)	(4,889)	(2,812)	(133)	--	(50)	(668)	--	--	(51,943)
Depreciation and amortization	(462)	(526)	(4,462)	(49)	(20,745)	(2,327)	(1,846)	(329)	--	(264)	--	--	--	(31,010)
Interest expense	--	(796)	(3,596)	(50)	(20,299)	(3,579)	(2,547)	(796)	--	(454)	--	--	--	(32,117)
Net income	\$ 137	\$(965)	\$3,939	\$ 138	\$(13,428)	\$(1,638)	\$(5,420)	\$(1,255)	--	\$ 720	\$ 4	--	--	\$(17,768)
Company's equity in earnings (loss) of unconsolidated joint ventures	\$ 69	\$(375)	\$1,863	\$ 69	\$(5,351)	\$(416)	\$(1,655)	\$(104)	--	\$ 360	\$ 1	\$ 53	--	\$(5,486)

4. DEFERRED CHARGES AND OTHER ASSETS

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

5. DISCONTINUED OPERATIONS

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

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

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

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

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

6. SENIOR UNSECURED NOTES

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

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

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

7. UNSECURED REVOLVING CREDIT FACILITY

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

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

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

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

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

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

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

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

MONEY MARKET LOAN

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

8. MORTGAGES, LOANS PAYABLE AND OTHER OBLIGATIONS

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

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

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

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

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

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

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

(d) Mortgage is collateralized by seven properties.

CASH PAID FOR INTEREST AND INTEREST CAPITALIZED

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

SUMMARY OF INDEBTEDNESS

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

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

9. MINORITY INTERESTS

OPERATING PARTNERSHIP

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

Preferred Units

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

Common Units

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

Unit Transactions

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

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

Minority Interest Ownership

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

Consolidated Joint Ventures

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

10. EMPLOYEE BENEFIT 401(k) PLANS

Employees of the Company, other than those assigned to the Gale Company and affiliated employers, who have attained age 21 and completed one-half year of service with the Company are eligible to participate in the Mack-Cali Realty Corporation 401(k) Savings/Retirement Plan (the "401(k) Plan"). Eligible employees may elect to defer from 1 percent up to 30 percent of their annual compensation on a pre-tax basis to the 401(k) Plan, subject to certain limitations imposed by federal law. The amounts contributed by employees are immediately vested and non-forfeitable. The Company may make discretionary matching or profit sharing contributions to the 401(k) Plan on behalf of eligible participants in any plan year. Participants are always 100 percent vested in their pre-tax contributions and will begin vesting in any matching or profit sharing contributions made on their behalf after two years of service with the Company at a rate of 20 percent per year, becoming 100 percent vested after a total of six years of service with the Company. The assets of the 401(k) Plan are held in trust and a separate account is established for each participant. A participant may receive a distribution of his or her vested account balance in the 401(k) Plan in a single sum or installment payment or in the form of an annuity upon his or her termination of service with the Company. Total expense recognized by the Company for the 401(k) Plan for the three months ended September 30, 2008 and 2007 was \$171,180 and \$100,000, respectively, and for the nine months ended September 30, 2008 and 2007 was \$371,180 and \$300,000, respectively.

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

11. COMMITMENTS AND CONTINGENCIES

TAX ABATEMENT AGREEMENTS

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

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

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

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

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

LITIGATION

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

GROUND LEASE AGREEMENTS

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

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

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

OTHER

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

12. TENANT LEASES

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

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

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

13. STOCKHOLDERS' EQUITY

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

PREFERRED STOCK

The Company has 10,000 shares of eight-percent Series C cumulative redeemable perpetual preferred stock issued and outstanding ("Series C Preferred Stock") in the form of 1,000,000 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 September 30, 2008, there were no dividends in arrears. The Company may issue unlimited additional preferred stock ranking on a parity with the Series C Preferred Stock but may not issue any preferred stock senior to the Series C Preferred Stock without the consent of two-thirds of its holders. The Series C Preferred Stock is essentially on an equivalent basis in priority with the Preferred Units.

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

SHARE REPURCHASE PROGRAM

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

STOCK OPTION PLANS

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

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

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

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

STOCK COMPENSATION

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

DEFERRED STOCK COMPENSATION PLAN FOR DIRECTORS

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

During the nine months ended September 30, 2008 and 2007, 8,593 and 5,380 deferred stock units were earned, respectively. As of September 30, 2008 and December 31, 2007, there were 52,107 and 44,179 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 September 30, 2008 and 2007 in accordance with FASB No. 128: *(dollars in thousands)*

	Three Months Ended September 30,	
	2008	2007
Computation of Basic EPS		
Income from continuing operations	\$ 23,069	\$ 18,907
Deduct: Preferred stock dividends	(500)	(500)
Income from continuing operations available to common shareholders	22,569	18,407
Income from discontinued operations	--	4,553
Net income available to common shareholders	\$ 22,569	\$ 22,960

Weighted average common shares	65,519	67,688
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Basic EPS:		
Income from continuing operations	\$ 0.34	\$ 0.27
Income from discontinued operations	--	0.07
Net income available to common shareholders	\$ 0.34	\$ 0.34

	Three Months Ended September 30,	
	2008	2007
Computation of Diluted EPS		
Income from continuing operations available to common shareholders	\$ 22,569	\$ 18,407
Add: Income from continuing operations attributable to Operating Partnership – common units	5,131	4,146
Income from continuing operations for diluted earnings per share	27,700	22,553
Income from discontinued operations for diluted earnings per share	--	5,578
Net income available to common shareholders	\$ 27,700	\$ 28,131

Weighted average common shares	80,617	83,088
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Diluted EPS:		
Income from continuing operations	\$ 0.34	\$ 0.27
Income from discontinued operations	--	0.07
Net income available to common shareholders	\$ 0.34	\$ 0.34

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

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

Weighted average common shares	65,438	67,068
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Basic EPS:		
Income from continuing operations	\$ 0.85	\$ 0.82
Income from discontinued operations	--	0.56
Net income available to common shareholders	\$ 0.85	\$ 1.38

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

Weighted average common shares	80,573	82,515
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Diluted EPS:		
Income from continuing operations	\$ 0.85	\$ 0.82
Income from discontinued operations	--	0.55
Net income available to common shareholders	\$ 0.85	\$ 1.37

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

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

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

14. SEGMENT REPORTING

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

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

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

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

(a) Total operating and interest expenses represent the sum of: real estate taxes; utilities; operating services; direct construction costs; real estate services salaries, wages and other costs; general and administrative and interest expense (net of interest income). All interest expense, net of interest income, (including for property-level mortgages) is excluded from segment amounts and classified in Corporate & Other for all periods.

(b) Net operating income represents total revenues less total operating and interest expenses [as defined in Note (a)], plus equity in earnings (loss) of unconsolidated joint ventures, for the period.

(c) Long-lived assets are comprised of net investment in rental property, unbilled rents receivable and investments in unconsolidated joint ventures.

(d) Corporate & Other represents all corporate-level items (including interest and other investment income, interest expense and non-property general and administrative expense) as well as intercompany eliminations necessary to reconcile to consolidated Company totals.

(e) Excludes \$49,242 of depreciation and amortization.

(f) Excludes \$49,790 of depreciation and amortization.

(g) Excludes \$144,550 of depreciation and amortization.

(h) Excludes \$135,064 of depreciation and amortization.

15. IMPACT OF RECENTLY-ISSUED ACCOUNTING STANDARDS

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

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

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

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

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

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

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

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

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

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

GENERAL

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

Executive Overview

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

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

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

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

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

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

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

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

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

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

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

Critical Accounting Policies and Estimates

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

Rental Property:

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

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

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

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

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

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

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

On a periodic basis, management assesses whether there are any indicators that the value of the Company's rental properties may be impaired. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property is less than the carrying value of the property. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the property over the fair value of the property. The Company's estimates of aggregate future cash flows expected to be generated by each property are based on a number of assumptions that are subject to economic and market uncertainties including, among others, demand for space, competition for tenants, changes in market rental rates, and costs to operate each property. As these factors are difficult to predict and are subject to future events that may alter management's assumptions, the future cash flows estimated by management in its impairment analyses may not be achieved. Management does not believe that the value of any of the Company's rental properties is impaired.

Rental Property Held for Sale and Discontinued Operations:

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

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

Revenue Recognition:

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

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

Allowance for Doubtful Accounts:

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

Results From Operations

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

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

<i>(dollars in thousands)</i>	Three Months Ended September 30,		Dollar	Percent
	2008	2007	Change	Change
Revenue from rental operations and other:				
Base rents	\$147,809	\$145,535	\$ 2,274	1.6%
Escalations and recoveries from tenants	29,755	27,491	2,264	8.2
Other income	11,184	11,376	(192)	(1.7)
Total revenues from rental operations	188,748	184,402	4,346	2.4
Property expenses:				
Real estate taxes	23,361	22,422	939	4.2
Utilities	24,706	21,944	2,762	12.6
Operating services	25,955	27,096	(1,141)	(4.2)
Total property expenses	74,022	71,462	2,560	3.6
Non-property revenues:				
Construction services	12,268	22,912	(10,644)	(46.5)
Real estate services	3,347	5,567	(2,220)	(39.9)
Total non-property revenues	15,615	28,479	(12,864)	(45.2)
Non-property expenses:				
Direct construction costs	11,104	22,479	(11,375)	(50.6)
General and administrative	10,767	13,411	(2,644)	(19.7)
Depreciation and amortization	49,242	49,790	(548)	(1.1)
Total non-property expenses	71,113	85,680	(14,567)	(17.0)
Operating income	59,228	55,739	3,489	6.3
Other (expense) income:				
Interest expense	(31,163)	(32,163)	1,000	3.1
Interest and other investment income	257	985	(728)	(73.9)
Equity in earnings (loss) of unconsolidated joint ventures	(269)	(1,559)	1,290	82.7
Minority interest in consolidated joint ventures	147	51	96	188.2
Gain on sale of investment in marketable securities	--	--	--	--
Total other (expense) income	(31,028)	(32,686)	1,658	5.1
Income from continuing operations before minority interest in Operating Partnership	28,200	23,053	5,147	22.3
Minority interest in Operating Partnership	(5,131)	(4,146)	(985)	(23.8)
Income from continuing operations	23,069	18,907	4,162	22.0
Discontinued operations (net of minority interest):				
Income from discontinued operations	--	20	(20)	(100.0)
Realized gains (losses) and unrealized losses on disposition of rental property, net	--	4,533	(4,533)	(100.0)
Total discontinued operations, net	--	4,553	(4,553)	(100.0)
Net income	23,069	23,460	(391)	(1.7)
Preferred stock dividends	(500)	(500)	--	--
Net income available to common shareholders	\$ 22,569	\$ 22,960	\$ (391)	(1.7)%

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:

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

OTHER DATA:

Number of Consolidated Properties
(excluding properties held for sale):
Square feet *(in thousands)*

255	255	--
29,245	29,245	--

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

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

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

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

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

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

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

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

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

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

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

<i>(dollars in thousands)</i>	Nine Months Ended September 30,		Dollar	Percent
	2008	2007	Change	Change
Revenue from rental operations and other:				
Base rents	\$444,499	\$427,574	\$ 16,925	4.0%
Escalations and recoveries from tenants	82,065	79,477	2,588	3.3
Other income	18,955	17,628	1,327	7.5
Total revenues from rental operations	545,519	524,679	20,840	4.0
Property expenses:				
Real estate taxes	71,522	69,744	1,778	2.5
Utilities	65,794	54,818	10,976	20.0
Operating services	79,080	79,070	10	--
Total property expenses	216,396	203,632	12,764	6.3
Non-property revenues:				
Construction services	36,334	68,722	(32,388)	(47.1)
Real estate services	10,016	13,267	(3,251)	(24.5)
Total non-property revenues	46,350	81,989	(35,639)	(43.5)
Non-property expenses:				
Direct construction costs	34,087	66,024	(31,937)	(48.4)
General and administrative	33,099	37,351	(4,252)	(11.4)
Depreciation and amortization	144,550	135,064	9,486	7.0
Total non-property expenses	211,736	238,439	(26,703)	(11.2)
Operating income	163,737	164,597	(860)	(0.5)
Other (expense) income:				
Interest expense	(94,963)	(94,432)	(531)	(0.6)
Interest and other investment income	1,115	4,173	(3,058)	(73.3)
Equity in earnings (loss) of unconsolidated joint ventures	(533)	(5,486)	4,953	90.3
Minority interest in consolidated joint ventures	286	492	(206)	(41.9)
Gain on sale of investment in marketable securities	471	--	471	--
Total other (expense) income	(93,624)	(95,253)	1,629	1.7
Income from continuing operations before minority interest in Operating Partnership	70,113	69,344	769	1.1
Minority interest in Operating Partnership	(12,751)	(12,564)	(187)	(1.5)
Income from continuing operations	57,362	56,780	582	1.0
Discontinued operations (net of minority interest):				
Income from discontinued operations	--	1,057	(1,057)	(100.0)
Realized gains (losses) and unrealized losses on disposition of rental property, net	--	36,280	(36,280)	(100.0)
Total discontinued operations, net	--	37,337	(37,337)	(100.0)
Net income	57,362	94,117	(36,755)	(39.1)
Preferred stock dividends	(1,500)	(1,500)	--	--
Net income available to common shareholders	\$ 55,862	\$ 92,617	\$ (36,755)	(39.7)%

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:

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

OTHER DATA:

Number of Consolidated Properties
(excluding properties held for sale):
Square feet *(in thousands)*

255	251	4
29,245	28,532	713

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

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

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

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

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

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

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

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

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

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

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

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Overview:

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

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

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

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

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

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

Construction Projects:

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

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

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

REIT Restrictions:

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

Property Lock-Ups:

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

Unencumbered Properties:

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

Credit Ratings:

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

Cash Flows

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

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

Debt Financing

Summary of Debt:

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

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

Debt Maturities:

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

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

Senior Unsecured Notes:

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

Unsecured Revolving Credit Facility:

The Company has an unsecured revolving credit facility with a borrowing capacity of \$775 million (expandable to \$800 million). The facility matures in June 2011, with an extension option of one year, which would require a payment of 15 basis points of the then borrowing capacity of the facility upon exercise. In addition, the interest rate on outstanding borrowings (not electing the Company's competitive bid feature) was reduced by 10 basis points to LIBOR plus 55 basis points at the BBB/Baa2 pricing level. As of October 29, 2008, the Company had \$95 million of outstanding borrowings under its unsecured revolving credit facility.

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

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

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

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

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

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

Money Market Loan:

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

Mortgages, Loans Payable and Other Obligations:

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

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

Debt Strategy:

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

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

Equity Financing and Registration Statements

Equity Activity:

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

	Common Stock	Common Units	Total
Outstanding at January 1, 2008	65,558,073	14,985,538	80,543,611
Stock options exercised	81,675	--	81,675
Common units redeemed for Common Stock	129,399	(129,399)	--
Shares issued under Dividend Reinvestment and Stock Purchase Plan	6,663	--	6,663
Issuance of restricted stock	250,886	--	250,886
Repurchase of Common Stock	(151,230)	--	(151,230)
Outstanding at September 30, 2008	65,875,466	14,856,139	80,731,605

Share Repurchase Program:

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

Shelf Registration Statements:

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

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

Off-Balance Sheet Arrangements**Unconsolidated Joint Venture Debt:**

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

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

Contractual Obligations

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

<i>(dollars in thousands)</i>	Total	Payments Due by Period				
		Less than 1 Year	1 – 3 Years	4 – 5 Years	6 – 10 Years	After 10 Years
Senior unsecured notes	\$2,005,780	\$389,619	\$ 602,701	\$402,954	\$610,506	--
Revolving credit facility	318,928	9,428	309,500	--	--	--
Mortgages, loans payable and other obligations	356,938	35,584	191,077	50,868	79,409	--
Payments in lieu of taxes (PILOT)	62,764	4,193	12,856	8,780	24,289	\$12,646
Ground lease payments	37,100	515	1,507	1,023	2,328	31,727
Total	\$2,781,510	\$439,339	\$1,117,641	\$463,625	\$716,532	\$44,373

Inflation

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

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

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

Among the factors about which we have made assumptions are:

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

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

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.

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

(dollars in thousands)

September 30, 2008

Debt, including current portion	Maturity Date						Total	Fair Value
	10/1/08 – 12/31/08	2009	2010	2011	2012	Thereafter		
Fixed Rate	\$5,360	\$314,115	\$336,407	\$302,329	\$212,806	\$766,844	\$1,937,861	\$1,808,231
Average Interest Rate	4.94%	7.37%	5.26%	7.91%	6.13%	5.41%	6.16%	
Variable Rate				\$293,000			\$ 293,000	\$ 283,702

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

Item 4. Controls and Procedures

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

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

MACK-CALI REALTY CORPORATION

Part II – Other Information

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

Not Applicable.

MACK-CALI REALTY CORPORATION

Part II – Other Information (continued)

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

(a) **COMMON STOCK**

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

(b) Not Applicable.

(c) Not Applicable.

Item 3. Defaults Upon Senior Securities

Not Applicable.

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

Not Applicable.

MACK-CALI REALTY CORPORATION

Part II – Other Information (continued)

Item 5. Other Information

- (a) On October 28, 2008, the Company obtained \$240 million in mortgage financing from The Northwestern Mutual Life Insurance Company and New York Life Insurance Company as co-lenders. The mortgage loan, which is collateralized by the Company's Harborside Plaza 5 office property, bears interest at a rate of 6.8 percent per annum and matures on November 1, 2018. Combined monthly principal and interest payments under the mortgage loans will be \$1,564,622. The mortgage loan includes customary events of default which, subject to notice and cure periods, provide for the acceleration of all payments under the loans upon the occurrence of an event of default. Proceeds from the loan were used to pay down outstanding borrowings under the Company's unsecured revolving credit facility.
- (b) None.

Item 6. Exhibits

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

MACK-CALI REALTY CORPORATION

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: October 29, 2008

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

Date: October 29, 2008

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	Second Amended and Restated Employment Agreement dated as of July 1, 1999 between Barry Lefkowitz and Mack-Cali Realty Corporation (filed as Exhibit 10.6 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.3	Second Amended and Restated Employment Agreement dated as of July 1, 1999 between Roger W. Thomas and Mack-Cali Realty Corporation (filed as Exhibit 10.7 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.4	Employment Agreement dated as of December 5, 2000 between Michael Grossman and Mack-Cali Realty Corporation (filed as Exhibit 10.5 to the Company's Form 10-K for the year ended December 31, 2000 and incorporated herein by reference).
10.5	Employment Agreement dated as of May 9, 2006 by and between Mark Yeager and Mack-Cali Realty Corporation (filed as Exhibit 10.15 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).

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

Exhibit Number	Exhibit Title
10.17	Restricted Share Award Agreement effective as of January 2, 2003 by and between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.10 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.18	Tax Gross Up Agreement effective as of January 2, 2003 by and between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.11 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.19	First Amendment effective as of January 2, 2003 to the Restricted Share Award Agreement dated July 1, 1999 between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.12 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.20	First Amendment effective as of January 2, 2003 to the Restricted Share Award Agreement dated March 12, 2001 between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.13 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.21	Restricted Share Award Agreement effective as of January 2, 2003 by and between Mack-Cali Realty Corporation and Michael A. Grossman (filed as Exhibit 10.14 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.22	Tax Gross Up Agreement effective as of January 2, 2003 by and between Mack-Cali Realty Corporation and Michael A. Grossman (filed as Exhibit 10.15 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.23	Restricted Share Award Agreement dated December 6, 1999 by and between Mack-Cali Realty Corporation and Michael A. Grossman (filed as Exhibit 10.16 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.24	First Amendment effective as of January 2, 2003 to the Restricted Share Award Agreement dated December 6, 1999 between Mack-Cali Realty Corporation and Michael A. Grossman (filed as Exhibit 10.17 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.25	First Amendment effective as of January 2, 2003 to the Restricted Share Award Agreement dated March 12, 2001 between Mack-Cali Realty Corporation and Michael A. Grossman (filed as Exhibit 10.18 to the Company's Form 8-K dated January 2, 2003 and incorporated herein by reference).
10.26	Restricted Share Award Agreement effective as of December 2, 2003 by and between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.1 to the Company's Form 8-K dated December 2, 2003 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.27	Tax Gross Up Agreement effective as of December 2, 2003 by and between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.2 to the Company's Form 8-K dated December 2, 2003 and incorporated herein by reference).
10.28	Restricted Share Award Agreement effective as of December 2, 2003 by and between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.5 to the Company's Form 8-K dated December 2, 2003 and incorporated herein by reference).
10.29	Tax Gross Up Agreement effective as of December 2, 2003 by and between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.6 to the Company's Form 8-K dated December 2, 2003 and incorporated herein by reference).
10.30	Restricted Share Award Agreement effective as of December 2, 2003 by and between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.7 to the Company's Form 8-K dated December 2, 2003 and incorporated herein by reference).
10.31	Tax Gross Up Agreement effective as of December 2, 2003 by and between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.8 to the Company's Form 8-K dated December 2, 2003 and incorporated herein by reference).
10.32	Restricted Share Award Agreement effective as of December 2, 2003 by and between Mack-Cali Realty Corporation and Michael Grossman (filed as Exhibit 10.9 to the Company's Form 8-K dated December 2, 2003 and incorporated herein by reference).
10.33	Tax Gross Up Agreement effective as of December 2, 2003 by and between Mack-Cali Realty Corporation and Michael Grossman (filed as Exhibit 10.10 to the Company's Form 8-K dated December 2, 2003 and incorporated herein by reference).
10.34	Restricted Share Award Agreement effective December 7, 2004 by and between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.2 to the Company's Form 8-K dated December 7, 2004 and incorporated herein by reference).
10.35	Tax Gross Up Agreement effective December 7, 2004 by and between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.3 to the Company's Form 8-K dated December 7, 2004 and incorporated herein by reference).
10.36	Restricted Share Award Agreement effective December 7, 2004 by and between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.4 to the Company's Form 8-K dated December 7, 2004 and incorporated herein by reference).
10.37	Tax Gross Up Agreement effective December 7, 2004 by and between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.5 to the Company's Form 8-K dated December 7, 2004 and incorporated herein by reference).

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

Exhibit Number	Exhibit Title
10.49	Tax Gross Up Agreement effective December 6, 2005 by and between Mack-Cali Realty Corporation and Michael A. Grossman (filed as Exhibit 10.9 to the Company's Form 8-K dated December 6, 2005 and incorporated herein by reference).
10.50	Restricted Share Award Agreement by and between Mack-Cali Realty Corporation and Mark Yeager (filed as Exhibit 10.16 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.51	Restricted Share Award Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.1 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.52	Tax Gross Up Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.2 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.53	Restricted Share Award Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.3 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.54	Tax Gross Up Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.4 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.55	Restricted Share Award Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.5 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.56	Tax Gross Up Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.6 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.57	Restricted Share Award Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.7 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.58	Tax Gross Up Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.8 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.59	Restricted Share Award Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.9 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.60	Tax Gross Up Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.10 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.61	Restricted Share Award Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.11 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.62	Tax Gross Up Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.12 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.63	Restricted Share Award Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Michael A. Grossman (filed as Exhibit 10.13 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.64	Tax Gross Up Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Michael A. Grossman (filed as Exhibit 10.14 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.65	Restricted Share Award Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Michael A. Grossman (filed as Exhibit 10.15 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.66	Tax Gross Up Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Michael A. Grossman (filed as Exhibit 10.16 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.67	Restricted Share Award Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Mark Yeager (filed as Exhibit 10.17 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.68	Tax Gross Up Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Mark Yeager (filed as Exhibit 10.18 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.69	Restricted Share Award Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Mark Yeager (filed as Exhibit 10.19 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.70	Tax Gross Up Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Mark Yeager (filed as Exhibit 10.20 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.71	Form of Multi-Year Restricted Share Award Agreement (filed as Exhibit 10.1 to the Company's Form 8-K dated September 12, 2007 and incorporated herein by reference).
10.72	Form of Tax Gross-Up Agreement (filed as Exhibit 10.2 to the Company's Form 8-K dated September 12, 2007 and incorporated herein by reference).
10.73	Form of Restricted Share Award Agreement effective December 4, 2007 by and between Mack-Cali Realty Corporation and each of Mitchell E. Hersh, Barry Lefkowitz, Michael Grossman, Mark Yeager and Roger W. Thomas (filed as Exhibit 10.1 to the Company's Form 8-K dated December 4, 2007 and incorporated herein by reference).
10.74	Form of Tax Gross-Up Agreement effective December 4, 2007 by and between Mack-Cali Realty Corporation and each of Mitchell E. Hersh, Barry Lefkowitz, Michael Grossman, Mark Yeager and Roger W. Thomas (filed as Exhibit 10.2 to the Company's Form 8-K dated December 4, 2007 and incorporated herein by reference).
10.75	Amended and Restated Revolving Credit Agreement dated as of September 27, 2002, among Mack-Cali Realty, L.P. and JPMorgan Chase Bank, Fleet National Bank and Other Lenders Which May Become Parties Thereto with JPMorgan Chase Bank, as administrative agent, swing lender and fronting bank, Fleet National Bank and Commerzbank AG, New York and Grand Cayman branches as syndication agents, Bank of America, N.A. and Wells Fargo Bank, National Association, as documentation agents, and J.P. Morgan Securities Inc. and Fleet Securities, Inc, as arrangers (filed as Exhibit 10.1 to the Company's Form 8-K dated September 27, 2002 and incorporated herein by reference).
10.76	Second Amended and Restated Revolving Credit Agreement among Mack-Cali Realty, L.P., JPMorgan Chase Bank, N.A., Bank of America, N.A., and other lending institutions that are or may become a party to the Second Amended and Restated Revolving Credit Agreement dated as of November 23, 2004 (filed as Exhibit 10.1 to the Company's Form 8-K dated November 23, 2004 and incorporated herein by reference).
10.77	Extension and Modification Agreement dated as of September 16, 2005 by and among Mack-Cali Realty, L.P., JPMorgan Chase Bank, N.A., as administrative agent, and the several Lenders Party thereto (filed as Exhibit 10.1 to the Company's Form 8-K dated September 16, 2005 and incorporated herein by reference).
10.78	Second Modification Agreement dated as of July 14, 2006 by and among Mack-Cali Realty, L.P., JPMorgan Chase Bank, N.A., as administrative agent, and the several Lenders party thereto (filed as Exhibit 10.1 to the Company's Form 8-K dated July 14, 2006 and incorporated herein by reference).
10.79	Extension and Third Modification Agreement dated as of June 22, 2007 by and among Mack-Cali Realty, L.P., JPMorgan Chase Bank, N.A., as administrative agent, and the several Lenders party thereto. (filed as Exhibit 10.1 to the Company's Form 8-K dated June 22, 2007 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.80	Fourth Modification Agreement dated as of September 21, 2007 by and among Mack Cali Realty, L.P., JPMorgan Chase Bank, N.A., as administrative agent and the several Lenders party thereto (filed as Exhibit 10.1 to the Company's Form 8-K dated September 21, 2007 and incorporated herein by reference).
10.81	Amended and Restated Master Loan Agreement dated as of November 12, 2004 among Mack-Cali Realty, L.P., and Affiliates of Mack-Cali Realty Corporation and Mack-Cali Realty, L.P., as Borrowers, Mack-Cali Realty Corporation and Mack-Cali Realty L.P., as Guarantors and The Prudential Insurance Company of America, as Lender (filed as Exhibit 10.1 to the Company's Form 8-K dated November 12, 2004 and incorporated herein by reference).
10.82	Contribution and Exchange Agreement among The MK Contributors, The MK Entities, The Patriot Contributors, The Patriot Entities, Patriot American Management and Leasing Corp., Cali Realty, L.P. and Cali Realty Corporation, dated September 18, 1997 (filed as Exhibit 10.98 to the Company's Form 8-K dated September 19, 1997 and incorporated herein by reference).
10.83	First Amendment to Contribution and Exchange Agreement, dated as of December 11, 1997, by and among the Company and the Mack Group (filed as Exhibit 10.99 to the Company's Form 8-K dated December 11, 1997 and incorporated herein by reference).
10.84	Employee Stock Option Plan of Mack-Cali Realty Corporation (filed as Exhibit 10.1 to the Company's Post-Effective Amendment No. 1 to Form S-8, Registration No. 333-44443, and incorporated herein by reference).
10.85	Director Stock Option Plan of Mack-Cali Realty Corporation (filed as Exhibit 10.2 to the Company's Post-Effective Amendment No. 1 to Form S-8, Registration No. 333-44443, and incorporated herein by reference).
10.86	2000 Employee Stock Option Plan (filed as Exhibit 10.1 to the Company's Registration Statement on Form S-8, Registration No. 333-52478, and incorporated herein by reference), as amended by the First Amendment to the 2000 Employee Stock Option Plan (filed as Exhibit 10.17 to the Company's Form 10-Q dated June 30, 2002 and incorporated herein by reference).
10.87	Amended and Restated 2000 Director Stock Option Plan (filed as Exhibit 10.2 to the Company's Post-Effective Amendment No. 1 to Registration Statement on Form S-8, Registration No. 333-100244, and incorporated herein by reference).
10.88	Mack-Cali Realty Corporation 2004 Incentive Stock Plan (filed as Exhibit 10.1 to the Company's Registration Statement on Form S-8, Registration No. 333-116437, and incorporated herein by reference).
10.89	Deferred Compensation Plan for Directors (filed as Exhibit 10.1 to the Company's Registration Statement on Form S-8, Registration No. 333-80081, and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.90	Form of Indemnification Agreement by and between Mack-Cali Realty Corporation and each of William L. Mack, John J. Cali, Mitchell E. Hersh, John R. Cali, David S. Mack, Martin S. Berger, Alan S. Bernikow, Kenneth M. Duberstein, Martin D. Gruss, Nathan Gantcher, Vincent Tese, Roy J. Zuckerberg, Alan G. 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).
10.91	Indemnification Agreement dated October 22, 2002 by and between Mack-Cali Realty Corporation and John Crandall (filed as Exhibit 10.29 to the Company's Form 10-Q dated September 30, 2002 and incorporated herein by reference).
10.92	Second Amendment to Contribution and Exchange Agreement, dated as of June 27, 2000, between RMC Development Company, LLC f/k/a Robert Martin Company, LLC, Robert Martin Eastview North Company, L.P., the Company and the Operating Partnership (filed as Exhibit 10.44 to the Company's Form 10-K dated December 31, 2002 and incorporated herein by reference).
10.93	Limited Partnership Agreement of Meadowlands Mills/Mack-Cali Limited Partnership by and between Meadowlands Mills Limited Partnership, Mack-Cali Meadowlands Entertainment L.L.C. and Mack-Cali Meadowlands Special L.L.C. dated November 25, 2003 (filed as Exhibit 10.1 to the Company's Form 8-K dated December 3, 2003 and incorporated herein by reference).
10.94	Redevelopment Agreement by and between the New Jersey Sports and Exposition Authority and Meadowlands Mills/Mack-Cali Limited Partnership dated December 3, 2003 (filed as Exhibit 10.2 to the Company's Form 8-K dated December 3, 2003 and incorporated herein by reference).
10.95	First Amendment to Redevelopment Agreement by and between the New Jersey Sports and Exposition Authority and Meadowlands Mills/Mack-Cali Limited Partnership dated October 5, 2004 (filed as Exhibit 10.54 to the Company's Form 10-Q dated September 30, 2004 and incorporated herein by reference).
10.96	Letter Agreement by and between Mack-Cali Realty Corporation and The Mills Corporation dated October 5, 2004 (filed as Exhibit 10.55 to the Company's Form 10-Q dated September 30, 2004 and incorporated herein by reference).
10.97	First Amendment to Limited Partnership Agreement of Meadowlands Mills/Mack-Cali Limited Partnership by and between Meadowlands Mills Limited Partnership, Mack-Cali Meadowlands Entertainment L.L.C. and Mack-Cali Meadowlands Special L.L.C. dated as of June 30, 2005 (filed as Exhibit 10.66 to the Company's Form 10-Q dated June 30, 2005 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.98	Mack-Cali Rights, Obligations and Option Agreement by and between Meadowlands Developer Limited Partnership, Meadowlands Limited Partnership, Meadowlands Developer Holding Corp., Meadowlands Mack-Cali GP, L.L.C., Mack-Cali Meadowlands Special, L.L.C., Baseball Meadowlands Mills/Mack-Cali Limited Partnership, A-B Office Meadowlands Mack-Cali Limited Partnership, C-D Office Meadowlands Mack-Cali Limited Partnership, Hotel Meadowlands Mack-Cali Limited Partnership and ERC Meadowlands Mills/Mack-Cali Limited Partnership dated November 22, 2006 (filed as Exhibit 10.92 to the Company's Form 10-K dated December 31, 2006 and incorporated herein by reference).
10.99	Redemption Agreement by and among Meadowlands Developer Limited Partnership, Meadowlands Developer Holding Corp., Mack-Cali Meadowlands entertainment L.L.C., Mack-Cali Meadowlands Special L.L.C., and Meadowlands Limited Partnership dated November 22, 2006 (filed as Exhibit 10.93 to the Company's Form 10-K dated December 31, 2006 and incorporated herein by reference).
10.100	Contribution and Exchange Agreement by and between Mack-Cali Realty, L.P. and Tenth Springhill Lake Associates L.L.L.P., Eleventh Springhill Lake Associates L.L.L.P., Twelfth Springhill Lake Associates L.L.L.P., Fourteenth Springhill Lake Associates L.L.L.P., each a Maryland limited liability limited partnership, Greenbelt Associates, a Maryland general partnership, and Sixteenth Springhill Lake Associates L.L.L.P., a Maryland limited liability limited partnership, and certain other natural persons, dated as of November 21, 2005 (filed as Exhibit 10.69 to the Company's Form 10-K dated December 31, 2005 and incorporated herein by reference).
10.101	Membership Interest Purchase and Contribution Agreement by and among Mr. Stanley C. Gale, SCG Holding Corp., Mack-Cali Realty Acquisition Corp. and Mack-Cali Realty, L.P. dated as of March 7, 2006 (filed as Exhibit 10.1 to the Company's Form 8-K dated March 7, 2006 and incorporated herein by reference).
10.102	Amendment No. 1 to Membership Interest Purchase and Contribution Agreement dated as of March 31, 2006 (filed as Exhibit 10.1 to the Company's Form 8-K dated March 28, 2006 and incorporated herein by reference).
10.103	Amendment No. 2 to Membership Interest Purchase and Contribution Agreement dated as of May 9, 2006 (filed as Exhibit 10.1 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.104	Amendment No. 8 to Membership Interest Purchase and Contribution Agreement by and among Mr. Stanley C. Gale, SCG Holding Corp., Mack-Cali Realty Acquisition Corp. and Mack-Cali Realty, L.P. dated as of May 23, 2007 (filed as Exhibit 10.1 to the Company's Form 8-K dated May 23, 2007).
10.105	Contribution and Sale Agreement by and among Gale SLG NJ LLC, a Delaware limited liability company, Gale SLG NJ MEZZ LLC, a Delaware limited liability company, and Gale SLG RIDGEFIELD MEZZ LLC, a Delaware limited liability company and Mack-Cali Ventures L.L.C. dated as of March 7, 2006 (filed as Exhibit 10.2 to the Company's Form 8-K dated March 7, 2006 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.106	First Amendment to Contribution and Sale Agreement by and among GALE SLG NJ LLC, a Delaware limited liability company, GALE SLG NJ MEZZ LLC, a Delaware limited liability company, and GALE SLG RIDGEFIELD MEZZ LLC, a Delaware limited liability company, and Mack-Cali Ventures L.L.C., a Delaware limited liability company, dated as of May 9, 2006 (filed as Exhibit 10.4 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.107	Non-Portfolio Property Interest Contribution Agreement by and among Mr. Stanley C. Gale, Mr. Mark Yeager, GCF II Investor LLC, The Gale Investments Company, LLC, Gale & Wentworth Vreeland, LLC, Gale Urban Solutions LLC, MSGW-ONE Campus Investors, LLC, Mack-Cali Realty Acquisition Corp. and Mack-Cali Realty, L.P. dated as of May 9, 2006 (filed as Exhibit 10.2 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.108	Loan Agreement by and among the entities set forth on Exhibit A, collectively, as Borrowers, and Gramercy Warehouse Funding I LLC, as Lender, dated May 9, 2006 (filed as Exhibit 10.5 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.109	Promissory Note of One Grande SPE LLC, 1280 Wall SPE LLC, 10 Sylvan SPE LLC, 5 Independence SPE LLC, 1 Independence SPE LLC, and 3 Becker SPE LLC, as Borrowers, in favor of Gramercy Warehouse Funding I, LLC, as Lender, in the principal amount of \$90,286,551 dated May 9, 2006 (filed as Exhibit 10.6 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.110	Mortgage, Security Agreement and Fixture Filing by and between 4 Becker SPE LLC, as Borrower, and Wachovia Bank, National Association, as Lender, dated May 9, 2006 (filed as Exhibit 10.7 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.111	Promissory Note of 4 Becker SPE LLC, as Borrower, in favor of Wachovia Bank, National Association, as Lender, in the principal amount of \$43,000,000 dated May 9, 2006 (filed as Exhibit 10.8 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.112	Mortgage, Security Agreement and Fixture Filing by and between 210 Clay SPE LLC, as Borrower, and Wachovia Bank, National Association, as Lender, dated May 9, 2006 (filed as Exhibit 10.9 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.113	Promissory Note of 210 Clay SPE LLC, as Borrower, in favor of Wachovia Bank, National Association, as Lender, in the principal amount of \$16,000,000 dated May 9, 2006 (filed as Exhibit 10.10 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.114	Mortgage, Security Agreement and Fixture Filing by and between 5 Becker SPE LLC, as Borrower, and Wachovia Bank, National Association, as Lender, dated May 9, 2006 (filed as Exhibit 10.11 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.115	Promissory Note of 5 Becker SPE LLC, as Borrower, in favor of Wachovia Bank, National Association, as Lender, in the principal amount of \$15,500,000 dated May 9, 2006 (filed as Exhibit 10.12 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.116	Mortgage, Security Agreement and Fixture Filing by and between 51 CHUBB SPE LLC, as Borrower, and Wachovia Bank, National Association, as Lender, dated May 9, 2006 (filed as Exhibit 10.13 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.117	Promissory Note of 51 CHUBB SPE LLC, as Borrower, in favor of Wachovia Bank, National Association, as Lender, in the principal amount of \$4,500,000 dated May 9, 2006 (filed as Exhibit 10.14 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.118	Form of Amended and Restated Limited Liability Company Agreement of Mack-Green-Gale LLC dated _____, 2006 (filed as Exhibit 10.3 to the Company's Form 8-K dated March 7, 2006 and incorporated herein by reference).
10.119	Form of Limited Liability Company Operating Agreement (filed as Exhibit 10.3 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.120	Agreement of Sale and Purchase dated August 9, 2006 by and between Mack-Cali Realty, L.P. and Westcore Properties AC, LLC (filed as Exhibit 10.91 to the Company's Form 10-Q dated September 30, 2006 and incorporated herein by reference).
10.121	First Amendment to Agreement of Sale and Purchase dated September 6, 2006 by and between Mack-Cali Realty, L.P. and Westcore Properties AC, LLC (filed as Exhibit 10.92 to the Company's Form 10-Q dated September 30, 2006 and incorporated herein by reference).
10.122	Second Amendment to Agreement of Sale and Purchase dated September 15, 2006 by and between Mack-Cali Realty, L.P. and Westcore Properties AC, LLC (filed as Exhibit 10.93 to the Company's Form 10-Q dated September 30, 2006 and incorporated herein by reference).
10.123	Agreement of Sale and Purchase dated September 25, 2006 by and between Phelan Realty Associates L.P., 795 Folsom Realty Associates L.P. and Westcore Properties AC, LLC (filed as Exhibit 10.94 to the Company's Form 10-Q dated September 30, 2006 and incorporated herein by reference).
10.124	Membership Interest Purchase and Contribution Agreement dated as of December 28, 2006, by and among NKFGMS Owners, LLC, The Gale Construction Services Company, L.L.C., NKFFM Limited Liability Company, Scott Panzer, Ian Marlow, Newmark & Company Real Estate, Inc. d/b/a Newmark Knight Frank, and Mack-Cali Realty, L.P (filed as Exhibit 10.117 to the Company's Form 10-K dated December 31, 2006 and incorporated herein by reference).
10.125	Operating Agreement of NKFGMS Owners, LLC (filed as Exhibit 10.118 to the Company's Form 10-K dated December 31, 2006 and incorporated herein by reference).
10.126	Loans, Sale and Services Agreement dated December 28, 2006 by and between Newmark & Company Real Estate, Inc. d/b/a Newmark Knight Frank, Mack-Cali Realty, L.P., and Newmark Knight Frank Global Management Services, LLC (filed as Exhibit 10.119 to the Company's Form 10-K dated December 31, 2006 and incorporated herein by reference).
10.127	Term Loan Agreement among Mack-Cali Realty, L.P. and JPMorgan Chase Bank, N.A. as Administrative Agent, J.P. Morgan Securities Inc. as Arranger, and other lender which may become parties to this Agreement dated November 29, 2006 (filed as Exhibit 10.120 to the Company's Form 10-K dated December 31, 2006 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.128	Agreement of Purchase and Sale among SLG Broad Street A LLC and SLG Broad Street C LLC, as Sellers, and M-C Broad 125 A L.L.C. and M-C Broad 125 C L.L.C., as Purchasers, dated as of March 15, 2007 (filed as Exhibit 10.121 to the Company's Form 10-Q dated March 31, 2007 and incorporated herein by reference).
10.129	Agreement of Purchase and Sale among 500 West Putnam L.L.C., as Seller, and SLG 500 West Putnam LLC, as Purchaser, dated as of March 15, 2007 (filed as Exhibit 10.122 to the Company's Form 10-Q dated March 31, 2007 and incorporated herein by reference).
10.130	Letter Agreement by and between Mack-Cali Realty, L.P., Mack-Cali Realty Acquisition Corp., Mack-Cali Belmar Realty, LLC, M-C Belmar, LLC, Mr. Stanley C. Gale, SCG Holding Corp., Mr. Mark Yeager, GCF II Investor LLC, The Gale Investments Company, LLC, Gale & Wentworth Vreeland, LLC, Gale Urban Solutions LLC, MSGW-ONE Campus Investors, LLC and Gale/Yeager Investments LLC dated October 31, 2007 (filed as Exhibit 10.128 to the Company's Form 10-Q dated September 30, 2007 and incorporated herein by reference).
10.131*	Mortgage and Security Agreement and Financing Statement dated October 28, 2008 between M-C Plaza V L.L.C., Cal-Harbor V Urban Renewal Associates, L.P., Cal-Harbor V Leasing Associates L.L.C., as Mortgagors and The Northwestern Mutual Life Insurance Company and New York Life Insurance Company as Mortgagees.
10.132*	Promissory Note of M-C Plaza V L.L.C., Cal-Harbor V Urban Renewal Associates, L.P., Cal-Harbor V Leasing Associates L.L.C., as Borrowers, in favor of The Northwestern Mutual Life Insurance Company, as Lender, in the principal amount of \$120,000,000, dated October 28, 2008.
10.133*	Promissory Note of M-C Plaza V L.L.C., Cal-Harbor V Urban Renewal Associates, L.P., Cal-Harbor V Leasing Associates L.L.C., as Borrowers, in favor of New York Life Insurance Company, as Lender, in the principal amount of \$120,000,000, dated October 28, 2008.
10.134*	Guarantee of Recourse Obligations of Mack-Cali Realty, L.P. in favor of The Northwestern Mutual Life Insurance Company and New York Life Insurance Company dated October 28, 2008.
31.1*	Certification of the Company's President and Chief Executive Officer, Mitchell E. Hersh, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Company's Chief Financial Officer, Barry Lefkowitz, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of the Company's President and Chief Executive Officer, Mitchell E. Hersh, and the Company's Chief Financial Officer, Barry Lefkowitz, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

*filed herewith



New Jersey
NM Loan No. 338136
NY Life Loan No. 374-0185
RECORDING REQUESTED BY

WHEN RECORDED MAIL TO

The Northwestern Mutual Life Ins. Co.
720 East Wisconsin Avenue - Rm N16WC
Milwaukee, WI 53202
Attn: Sheila Lawton

SPACE ABOVE THIS LINE FOR RECORDER'S USE

This Instrument was prepared by (Carol C. Stern) Attorney, for The Northwestern Mutual Life Insurance Company, 720 East Wisconsin Ave., Milwaukee, WI 53202 and New York Life Insurance Company, 51 Madison Ave., New York, NY 10010.

**MORTGAGE and SECURITY AGREEMENT
and FINANCING STATEMENT**

THIS MORTGAGE and SECURITY AGREEMENT and FINANCING STATEMENT is made as of the 28th day of October, 2008 between **M-C PLAZA V L.L.C.**, a New Jersey limited liability company ("Ground Lessor"), **CAL-HARBOR V URBAN RENEWAL ASSOCIATES L.P.**, a New Jersey limited partnership ("Ground Lessee" and/or "Master Lessor") and **CAL-HARBOR V LEASING ASSOCIATES L.L.C.**, a New Jersey limited liability company ("Plaza V Leasing" and/or "Master Lessee"), whose mailing address is c/o Mack-Cali Realty Corporation, 343 Thornall Street, Edison, NJ 08837-2206, herein (whether one or more in number) collectively called "Mortgagor", and **THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY**, a Wisconsin corporation, whose mailing address is 720 E. Wisconsin Avenue, Milwaukee, WI 53202 ("Northwestern Mutual"), and **NEW YORK LIFE INSURANCE COMPANY**, a New York mutual insurance company, whose mailing address is c/o New York Life Investment Management LLC, 51 Madison Avenue, New York, NY 10010 ("New York Life"; Northwestern Mutual and New York Life, herein together called "Mortgagee"):

WITNESSETH, That Mortgagor, in consideration of the indebtedness herein mentioned, does hereby grant, convey, mortgage and warrant unto Mortgagee forever, the following property (herein referred to collectively as the "Property"):

- A. The (i) land in Jersey City, Hudson County, New Jersey, described in Exhibit "A" attached hereto and incorporated herein (the "Land"), (ii) the leasehold estate in the land created by that certain Ground Lease between Harborside Exchange Place Limited Partnership ("HEPLP") and Plaza V Urban Renewal Associates L.P. ("PVURA") dated December 4, 1995, which lease was assigned by HEPLP to Cali Harborside (Fee) Associates L.P. ("Cali Harborside (Fee)", predecessor-in-interest to Ground Lessor) and by PVURA to Ground Lessee by separate assignments each dated as of November 1, 1996, as amended by Amendment to Plaza V Ground Lease dated as of November 1, 1996 and further amended by Second Amendment to Ground Lease dated as of March 29, 1999, and the landlord's interest in which was conveyed to Ground Lessor by Warranty Deed from Cali Harborside (Fee) dated July 27, 2006 and recorded in the Hudson County Register's Office in Deed Book 7967, Page 308 et seq. (collectively, the "Ground Lease"), and (iii) the subleasehold interest in the Property created by that certain Master Lease between Master Lessor and Plaza V Leasing dated as of June 2, 1999 (the "Master Lease"); and
- B. All easements, appurtenances, tenements and hereditaments including, but not limited to all waters, water rights, water courses, ways, trees, rights, liberties and privileges, belonging to or benefiting the Land; and
- C. All improvements to the Land including, but not limited to, all buildings, structures and improvements now existing or hereafter erected on the Land; all fixtures of every description including, but not limited to, all engines, boilers, elevators, machinery, heating apparatus, electrical equipment, air-conditioning and ventilating equipment, water and gas fixtures, which are or may be placed or used upon the Land and which are attached to the buildings, structures, improvements or the Land; all of which, to the extent permitted by applicable law, shall be deemed an accession to the freehold and a part of the realty as between the parties hereto; and
- D. Mortgagor's interest in all articles of personal property of every kind and nature whatsoever including, but not limited to, all furniture and easily removable equipment now or hereafter located upon the Land or in or on the buildings and improvements and now owned or hereafter acquired by Mortgagor.

Without limiting the foregoing grants, but subject to the terms and conditions of this Mortgage, Mortgagor hereby pledges to Mortgagee, and grants to Mortgagee a security interest in, all of Mortgagor's present and hereafter acquired right, title and interest in and to the Property and any and all:

- E. Cash and other funds now or at any time hereafter deposited by or for Mortgagor on account of tax, special assessment, replacement or other reserves that may be required to be maintained pursuant to the Loan Documents (as hereinafter defined) with Mortgagee or a third party, or otherwise deposited with, or in the possession of, Mortgagee pursuant to the Loan Documents; and
- F. To the extent assignable or to the extent that a valid lien can be created with respect thereto, surveys, soils reports, environmental reports, guaranties, warranties, architect's contracts, construction contracts, drawings and specifications, applications, permits, surety bonds and other contracts relating to the acquisition, design, development, construction and operation of the Property; and
- G. Accounts, chattel paper, deposit accounts, instruments, equipment, inventory, documents, general intangibles, letter-of-credit rights, investment property and all other personal property of Mortgagor, in each case, to the extent associated with or arising from the ownership, development, operation, use or disposition of any portion of the property described, above (including, without limitation, any and all rights in the property name "Plaza V"); and
- H. Present and future rights to condemnation awards, insurance proceeds or other proceeds at any time payable to or received by Mortgagor on account of the Property or any of the foregoing personal property.

All personal property hereinabove described is hereinafter collectively referred to as the "Personal Property".

If any of the Property is of a nature that a security interest therein can be perfected under the Uniform Commercial Code, this Mortgage shall constitute a security agreement and financing statement if permitted by applicable law and Mortgagor authorizes Mortgagee to file a financing statement describing such Property and, at Mortgagee's request, agrees to join with Mortgagee in the execution of any financing statements and to execute any other instruments that may be necessary or desirable, in Mortgagee's determination, for the perfection or renewal of such security interest under the Uniform Commercial Code.

TO HAVE AND TO HOLD the same unto Mortgagee for the purpose of securing:

(a) Payment to the order of Northwestern Mutual of the indebtedness evidenced by a promissory note of even date herewith (and any restatement, extension or renewal thereof and any amendment thereto) executed by Mortgagor for the principal sum of ONE HUNDRED TWENTY MILLION DOLLARS, with final maturity no later than November 1, 2018 and with interest as therein expressed (which promissory note, as such instrument may be amended, restated, renewed and extended, is hereinafter referred to as the “Northwestern Note”); and

(b) Payment to the order of New York Life of the indebtedness evidenced by a promissory note of even date herewith (and any restatement, extension or renewal thereof and any amendment thereto) executed by Mortgagor for the principal sum of ONE HUNDRED TWENTY MILLION DOLLARS, with final maturity no later than November 1, 2018 and with interest as therein expressed (which promissory note, as such instrument may be amended, restated, renewed and extended, is hereinafter referred to as the “NYL Note”; the Northwestern Note and the NYL Note are together referred to as the “Notes”); and

(c) Payment of all sums that may become due Mortgagee under the provisions of, and the performance of each agreement of Mortgagor contained in, the Loan Documents.

“Loan Documents” means this Mortgage, the Notes, that certain Loan Application dated as of August 5, 2008 from Mortgagor to Mortgagee and that certain acceptance letter issued by Mortgagee dated September 24, 2008 (together, the “Commitment”), that certain Absolute Assignment of Leases and Rents of even date herewith between Mortgagor and Mortgagee (the “Absolute Assignment”), that certain Certification of Borrowers of even date herewith, that certain Limited Liability Company Supplement and that certain Limited Partnership Supplement each dated contemporaneously herewith, any other supplements and authorizations required by Mortgagee and all other agreements entered into or documents executed by Mortgagor and delivered to Mortgagee in connection with the indebtedness evidenced by the Notes, except for that certain Environmental Indemnity Agreement of even date herewith given by Mortgagor and Mack-Cali Realty, L.P., a Delaware limited partnership (the “Principal”) to Mortgagee (the “Environmental Indemnity Agreement”), as any of the foregoing may be amended from time to time.

TO PROTECT THE SECURITY OF THIS MORTGAGE, MORTGAGOR COVENANTS AND AGREES:

Payment of Debt. Mortgagor agrees to pay the indebtedness hereby secured (the “Indebtedness”) promptly and in full compliance with the terms of the Loan Documents.

Ownership.

Ground Lessor represents that: (i) subject to the Ground Lease, it owns the portion of the Property described in Paragraph A, clause (i) and Paragraph B, above; and (ii) pursuant to the Ground Lease, it holds a reversionary interest in the portion of the Property described in Paragraph C, above.

Ground Lessee represents that, pursuant to the Ground Lease, it owns: (i) a leasehold interest in the portion of the Property described in Paragraph A, clauses (i) and (ii) and Paragraph B, above; and (ii) the Property described in Paragraph C, above, and it has leased the Property to Plaza V Leasing pursuant to the Master Lease.

Plaza V Leasing represents that, pursuant to the Master Lease, it owns: (i) a subleasehold interest in the portion of the Property described in Paragraph A, clauses (i) and (iii) and Paragraphs B and C, above; and (ii) the portion of the Property described in Paragraph D, above.

Each Mortgagor represents that it has good and lawful right to convey its respective interest in the Property and that its respective interest in the Property is free and clear from any and all encumbrances whatsoever, except as appears in the title insurance commitment received by Mortgagee on the date hereof (the “Title Commitment”). Each Mortgagor does hereby forever warrant and shall forever defend the title and possession thereof against the claims of any and all persons whomsoever, except such rights, interests and claims as appear in the Title Commitment.

Ground Lessor and Ground Lessee each represent and covenant to Mortgagee that:

- (a) Ground Lessor and Ground Lessee have each approved the Indebtedness represented by the Notes;
- (b) Default under the Ground Lease by any party thereto may result in foreclosure by Mortgagee of Ground Lessor’s interest in the Property;
- (c) The terms of the Ground Lease will be subordinate to the terms of this Mortgage, with any conflict resolved in favor of this Mortgage, and all rent and other payments due Ground Lessor under the Ground Lease shall be deferred as necessary to ensure that income from the Property after payment of all expenses is sufficient to first pay in full all amounts payable under the Loan Documents and all operating costs of the Property;

- (d) Ground Lessor and Ground Lessee will fully perform their respective obligations under the Ground Lease;
- (e) The Ground Lease is in full force and effect and has not been amended, except as included within the defined term "Ground Lease" and as may have been disclosed to Mortgagee in writing prior to the date hereof and approved by Mortgagee, and there are no defaults, claims or offsets thereunder nor any matters that may ripen into a default, claim or offset by any party thereto, except as may have been disclosed to Mortgagee in writing prior to the date hereof and reasonably approved by Mortgagee;
- (f) Any default by Ground Lessor or Ground Lessee under the Ground Lease shall constitute a default under this Mortgage;
- (g) Simultaneously with serving a default or other notice upon the other, Ground Lessor and/or Ground Lessee shall serve a copy of such notice upon Mortgagee;
- (h) Mortgagee shall have the right (but not the obligation) to cure any default by Ground Lessor or Ground Lessee within the applicable time for cure set forth in the Ground Lease, plus a reasonable period of time thereafter;
- (i) Neither Ground Lessor nor Ground Lessee shall take any action to cause or permit the termination or modification of the Ground Lease or the merger of the fee interest and the leasehold interest in the Property, and no agreement modifying, cancelling or surrendering the Ground Lease shall be effective, in each case, without Mortgagee's prior written consent, and any purported termination, modification, amendment, cancellation, surrender or merger without Mortgagee's consent shall be void and constitute a default under this Mortgage; provided, however, that Mortgagee shall not unreasonably withhold, delay or condition its consent; and
- (j) In the event of termination of the Ground Lease by process of law prior to the expiration of its term, Ground Lessor shall, at Mortgagee's option and request, enter into a new lease with Mortgagee (or such party designated by Mortgagee) for the remainder of the term of the Ground Lease at the rent and with all the agreements, terms, covenants and conditions thereof, including any applicable rights of renewal.

Notwithstanding anything to the contrary set forth above, Ground Lessor and Ground Lessee may terminate the Ground Lease, without the consent of Mortgagee, after the expiration or earlier termination of that certain Financial Agreement dated June 2, 1999 by and between Ground Lessee and the City of Jersey City, as amended by that certain Amendment to Financial Agreement effective as of December 1, 2000 (together, the "Financial Agreement").

Notwithstanding anything to the contrary contained in this Mortgage, Mortgagor shall have the right to terminate the Financial Agreement, without the consent of Mortgagee, but in such event, Mortgagor shall indemnify and hold Mortgagee harmless from and against any actual damages sustained by Mortgagee after an Event of Default as a result of such termination (which may include pre-Event of Default real estate taxes in excess of the Annual Service Charge) (as such term is defined in the Financial Agreement).

Master Lessor and Master Lessee each represent and covenant to Mortgagee that:

- (a) Master Lessor and Master Lessee have each approved the Indebtedness represented by the Notes;
- (b) Default under the Master Lease or the Ground Lease by any party thereto may result in foreclosure by Mortgagee of Master Lessor's interest in the Property;
- (c) The terms of the Master Lease will be subordinate to the terms of this Mortgage, with any conflict resolved in favor of this Mortgage, and all rent and other payments due Master Lessor under the Master Lease shall be deferred during any period that the Property's income is insufficient to first pay in full all amounts payable under the Loan Documents and all operating costs of the Property;
- (d) Master Lessor and Master Lessee will fully perform their respective obligations under the Master Lease;
- (e) The Master Lease is in full force and effect and has not been amended, except as may have been disclosed to Mortgagee in writing prior to the date hereof and approved by Mortgagee, and there are no defaults, claims or offsets thereunder nor any matters that may ripen into a default, claim or offset by any party thereto, except as may have been disclosed to Mortgagee in writing prior to the date hereof and reasonably approved by Mortgagee;

- (f) Any default by Master Lessor or Master Lessee under the Master Lease shall constitute a default under this Mortgage;
- (g) Simultaneously with serving a default or other notice upon the other, Master Lessor and/or Master Lessee shall serve a copy of such notice upon Mortgagee;
- (h) Mortgagee shall have the right (but not the obligation) to cure any default by Master Lessor or Master Lessee within the applicable time for cure set forth in the Master Lease, plus a reasonable period of time thereafter;
- (i) Neither Master Lessor nor Master Lessee shall take any action to cause or permit the termination or modification of the Master Lease or the merger of the Master Lessor's and Master Lessee's interest in the Property created by the Master Lease, and no agreement modifying, cancelling or surrendering the Master Lease shall be effective, in each case, without Mortgagee's prior written consent, and any purported termination, modification, amendment, cancellation, surrender or merger without Mortgagee's prior consent shall be void and constitute a default under this Mortgage; provided, however, that Mortgagee shall not unreasonably withhold, condition or delay its consent; and
- (j) In the event of termination of the Master Lease by process of law prior to the expiration of its term, Master Lessor shall, at Mortgagee's option and request, enter into a new lease with Mortgagee (or such party designated by Mortgagee) for the remainder of the term of the Master Lease at the rent and with all the agreements, terms, covenants and conditions thereof, including any applicable rights of renewal.

Notwithstanding anything to the contrary set forth above, Master Lessor and Master Lessee may terminate the Master Lease, without the consent of Mortgagee, after the expiration or earlier termination of the Financial Agreement.

Maintenance of Property and Compliance with Laws. Mortgagor agrees to keep the buildings and other improvements now or hereafter erected on the Land in good condition and repair; not to commit or suffer any waste; to comply with all laws, rules and regulations affecting the Property; and to permit Mortgagee to enter at all reasonable times for the purpose of inspection and of conducting, in a reasonable and proper manner, at its sole cost and expense except as may be otherwise set forth in the Loan Documents, such tests as Mortgagee reasonably determines to be necessary in order to monitor Mortgagor's compliance with applicable laws and regulations regarding hazardous materials affecting the Property. Notwithstanding the foregoing however, if, and for so long as, Mortgagor is not in default pursuant to any of the Loan Documents, Mortgagor shall have the right, at its sole cost and expense, after prior written notice to Mortgagee, to contest, by appropriate legal proceedings, diligently conducted in good faith and without cost or expense to Mortgagee, the validity or application of any rule or regulation as same may apply to or affect Mortgagor or the Property, subject to the following: (i) funds sufficient to satisfy the contested rule or regulation (including the applicable penalty or fine) have been deposited in an escrow or other reserve or a guaranty satisfactory to Mortgagee shall be established; (ii) such contest shall not subject Mortgagee or Mortgagor to any civil or criminal liability; (iii) by the terms of any such rule or regulation, compliance therewith pending the prosecution of any such legal proceedings may legally be delayed without incurring (or increasing the risk of incurring) any damage or injury of any kind to the Property or any person or property and without incurring any lien or charge of any kind against the Property or any fine or penalty against Mortgagor (excepting the fine or penalty which is the subject of the contest); and (iv) such contest shall not cause a breach of any of the terms, conditions or covenants of any leases at the Property or other agreement on Mortgagor's part to be performed. In the event of such an ongoing contest in accordance with the foregoing conditions, the failure to comply with the law, rule or regulation being contested shall not constitute a default under this Mortgage.

Business Restriction Representation and Warranty. Mortgagor represents and warrants that each Mortgagor, all persons and entities owning (directly or indirectly) an ownership interest in each Mortgagor (other than shareholders of Mack-Cali Realty Corporation, a Maryland corporation), all guarantors of all or any portion of the Indebtedness, and all persons and entities executing any separate indemnity agreement in favor of Mortgagee in connection with the Indebtedness: (i) is not, and shall not become, a person or entity with whom Mortgagee is restricted from doing business with under regulations of the Office of Foreign Assets Control (“OFAC”) of the Department of the Treasury (including, but not limited to, those named on OFAC’s Specially Designated Nationals and Blocked Persons list) or under any statute, executive order (including, but not limited to, the September 24, 2001 Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action; (ii) is not, and shall not become, a person or entity with whom Mortgagee is restricted from doing business with under the International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001 or the regulations or orders thereunder; and (iii) is not knowingly engaged in, and shall not knowingly engage in, any dealings or transaction or be otherwise associated with such persons or entities described in (i) and (ii), above.

ERISA.

(a) Neither Mortgagor nor any entity that holds a direct or indirect interest in Mortgagor (a “Constituent Entity”) is or shall be (i) an employee benefit plan within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974 (“ERISA”) regardless of whether such plan is actually subject to ERISA, (ii) a plan to which Internal Revenue Code Section 4975 applies, or (iii) an entity the underlying assets of which include ERISA “plan assets” by reason of a plan’s investment in the entity (e.g., insurance company general or separate account; bank commingled fund).

(b) Transactions by or with Mortgagor are not and will not be subject to any legal requirements regulating investments of and fiduciary obligations with respect to an employee benefit plan (within the meaning of Section 3(3) of ERISA), regardless of whether such plan is actually subject to ERISA.

(c) Any liability or obligation that Mortgagor (or any Constituent Entity) may have in respect of an employee benefit plan as defined in Section 3(3) of ERISA, regardless of whether such plan is actually subject to ERISA, has been and shall continue to be satisfied in full.

Insurance. Mortgagor agrees to keep the Property insured for the protection of Mortgagee and Mortgagee’s wholly owned subsidiaries and agents in such manner, in such amounts and in such companies as Mortgagee may from time to time approve, and to keep the policies therefor, properly endorsed, on deposit with Mortgagee, or at Mortgagee’s option, to keep certificates of insurance (Acord 28 (2003/10) for all property insurance and Acord 25 for all liability insurance) evidencing all insurance coverages required hereunder on deposit with Mortgagee, which certificates shall provide at least thirty (30) days notice of cancellation to Mortgagee and shall list Mortgagee as the certificate holder with Mortgagee’s correct mailing address and the Loan number(s) assigned to the Indebtedness. If Mortgagor requests Mortgagee to accept a different form of insurance certificate, Mortgagee shall not unreasonably withhold its consent to the provision of such different form of insurance certificate provided a copy of a standard mortgagee endorsement in favor of Mortgagee stating that the insurer shall provide Mortgagee with thirty (30) days notice of cancellation accompanies such certificate. Insurance loss proceeds from all property insurance policies, whether or not required by Mortgagee (less expenses of collection) shall, at Mortgagee’s option, be applied on the Indebtedness, whether due or not, or to the restoration of the Property, but such application shall not cure or waive any default under any of the Loan Documents. If Mortgagee elects to apply the insurance loss proceeds on the Indebtedness, no prepayment fee shall be due thereon.

Notwithstanding the foregoing provision, Mortgagee agrees that: (i) if the insurance loss proceeds do not exceed \$2,000,000, such proceeds shall be paid to Mortgagor and shall be used by Mortgagor to restore the Property substantially to its condition prior to the casualty; and (ii) if the insurance loss proceeds exceed \$2,000,000 but are less than the unpaid principal balance of the Notes and if the casualty occurs prior to the last two (2) years of the term of the Notes, then the insurance loss proceeds (less reasonable expenses of collection) shall be applied to restoration of the Property substantially to its condition prior to the casualty, subject to satisfaction of the following conditions:

- (a) There is no existing Event of Default at the time of the casualty.
- (b) The casualty insurer has not denied liability for payment of insurance loss proceeds to Mortgagor as a result of any act, neglect, use or occupancy of the Property by Mortgagor or any tenant of the Property.
- (c) Mortgagee shall be satisfied that all insurance loss proceeds so held, together with supplemental funds to be made available by Mortgagor, shall be sufficient to complete the restoration of the Property. Any remaining insurance loss proceeds shall be released to Mortgagor.
- (d) If required by Mortgagee, Mortgagee shall be furnished a satisfactory report addressed to Mortgagee from an environmental engineer or other qualified professional satisfactory to Mortgagee to the effect that no adverse environmental impact to the Property resulted from the casualty.
- (e) Mortgagee shall hold the proceeds in an escrow account earning a competitive rate of interest for the benefit of Mortgagor. In such event, Mortgagee shall release casualty insurance proceeds once per month as restoration of the Property progresses provided that Mortgagee is furnished satisfactory evidence of the costs of restoration and if, at the time of such release, there shall exist no Monetary Default (as hereinafter defined) under the Loan Documents and no Non-Monetary Default with respect to which Mortgagee shall have given Mortgagor notice pursuant to the Notice of Default provision herein. If a Monetary Default shall occur or Mortgagee shall give Mortgagor notice of a Non-Monetary Default pursuant to the Notice of Default provision hereof, Mortgagee shall have no further obligation to release insurance loss proceeds hereunder unless such default is cured within the cure period set forth in the Notice of Default provision contained herein. The drawings and specifications for the restoration shall be approved by Mortgagee in writing prior to commencement of the restoration and Mortgagee shall receive an administration fee equal to one percent (1%) of the insurance proceeds to be disbursed by Mortgagee but not to exceed \$25,000. Mortgagee shall not unreasonably withhold, delay or condition its approval of the drawings and specifications for the restoration.
- (f) Prior to each release of funds, Mortgagor shall obtain for the benefit of Mortgagee an endorsement to Mortgagee's title insurance policy insuring Mortgagee's lien as a first and valid lien on the Property subject only to liens and encumbrances theretofore approved by Mortgagee or permitted, pursuant to the Loan Documents, to be entered into by Mortgagor without Mortgagee's consent.

- (g) Mortgagor shall pay all reasonable, third party out-of-pocket costs and expenses incurred by Mortgagee, including, but not limited to, outside legal fees, title insurance costs, third-party disbursement fees, third-party engineering reports and inspections deemed necessary by Mortgagee.
- (h) All reciprocal easement and operating agreements benefiting the Property, if any, shall remain in full force and effect between the parties thereto on and after restoration of the Property.
- (i) Mortgagee shall be satisfied that Projected Debt Service Coverage of at least 1.25 will be produced from then-existing leases at the Property (which are not subject to termination by the tenant as a result of the casualty either by the terms of the lease or pursuant to a waiver of such right executed by the tenant) and any new leases reasonably satisfactory to Mortgagee for terms of at least five (5) years to commence not later than thirty (30) days following completion of such restoration (such existing leases not subject to termination, together with such new leases, the "Approved Leases").

"Projected Debt Service Coverage" means a number calculated by dividing Projected Operating Income Available for Debt Service for the first fiscal year following restoration of the Property by the debt service during the same fiscal year under all indebtedness secured by any portion of the Property. For purposes of the preceding sentence, "debt service" means the greater of (x) debt service due under all such indebtedness during the first fiscal year following completion of the restoration of the Property or (y) debt service that would be due and payable during such fiscal year if all such indebtedness were amortized over thirty (30) years (whether or not amortization is actually required) and if interest on such indebtedness were due as it accrues at the face rate shown on the notes therefor (whether or not such loans require interest payments based on such face rates).

"Projected Operating Income Available for Debt Service" means projected gross annual rent from the Approved Leases for the first full fiscal year following completion of the restoration of the Property less:

- (A) The operating expenses of the Property for the last fiscal year preceding the casualty and
- (B) The following:

- (i) a replacement reserve for future tenant improvements, leasing commissions and structural items based on not less than \$2.11 per square foot per annum;
- (ii) the amount, if any, by which actual gross income during such fiscal period exceeds that which would be earned from the rental of 94% of the gross leaseable area in the Property;
- (iii) the amount, if any, by which the actual management fee is less than 3% of gross revenue during such fiscal period;
- (iv) the amount, if any, by which the actual real estate taxes or payments in lieu of taxes (“PILOT”) are less than \$3.25 per square foot per annum; and
- (v) the amount, if any, by which total operating expenses, excluding management fees, real estate taxes and replacement reserves, are less than \$10.24 per square foot per annum.

All projections referenced above shall be calculated in a manner reasonably satisfactory to Mortgagee.

If (i) the casualty occurs during the last two years of the term of the Notes, and the insurance loss proceeds exceed \$2,000,000, or (ii) any of the foregoing conditions to the obligation of Mortgagee to make the insurance proceeds available for restoration have not been satisfied, and, in either such event, Mortgagee elects to apply the proceeds toward prepayment of the Notes, then Mortgagor shall have the right to prepay the entire loan secured by this Mortgage without paying a prepayment fee.

Condemnation. Mortgagor hereby assigns to Mortgagee (i) any award and any other proceeds resulting from damage to, or the taking of, all or any portion of the Property, and (ii) the proceeds from any sale or transfer in lieu thereof (collectively, “Condemnation Proceeds”) in connection with condemnation proceedings or the exercise of any power of eminent domain or the threat thereof (hereinafter, a “Taking”); if the Condemnation Proceeds are less than the unpaid principal balance of the Notes and such damage or Taking occurs prior to the last two years of the term of the Notes, such Condemnation Proceeds (less expenses of collection) shall be applied to restoration of the Property to its condition, or the functional equivalent of its condition prior to the Taking, subject to the conditions set forth above in the section entitled “**Insurance**” and subject to the further condition that restoration or replacement of the improvements on the Land to their functional and economic utility prior to the Taking be possible. Any portion of such award and proceeds not applied to restoration shall, at Mortgagee’s option, be applied on the Indebtedness, whether due or not, or be released to Mortgagor, but such application or release shall not cure or waive any default under any of the Loan Documents.

Taxes and Special Assessments. Mortgagor agrees to pay before delinquency all taxes, special assessments and PILOT of any kind that have been or may be levied or assessed against the Property, this Mortgage, the Notes or the Indebtedness, or upon the interest of Mortgagee in the Property, this Mortgage, the Notes or the Indebtedness, and to procure and deliver to Mortgagee within 30 days after Mortgagee shall have given a written request to Mortgagor, the official receipt of the proper officer showing timely payment of all such taxes, assessments and/or PILOT; provided, however, that Mortgagor shall not be required to pay any such taxes, special assessments and/or PILOT if the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings and funds sufficient to satisfy the contested amount have been deposited in an escrow or other reserve or a guaranty satisfactory to Mortgagee shall be established; and provided further that no escrow, reserve or additional guaranty shall be required in connection with a contest involving the matters set forth on Schedule 1 of the Commitment.

Personal Property. With respect to the Personal Property, Mortgagor hereby represents, warrants and covenants as follows:

(a) Except for the security interest granted hereby, Mortgagor is, and as to portions of the Personal Property to be acquired after the date hereof will be, the sole owner of the Personal Property, free from any other lien, security interest, encumbrance or adverse claim thereon of any kind whatsoever. Mortgagor shall notify Mortgagee of, and shall indemnify and defend Mortgagee and the Personal Property against, all claims and demands of all persons at any time claiming the Personal Property or any part thereof or any interest therein.

(b) Mortgagor agrees not to sell, transfer, assign, convey, lease or remove Personal Property now or hereafter located on the Land without the prior written consent from Mortgagee unless (i) such action does not constitute a sale or removal of any buildings or structures or the sale or transfer of waters or water rights, and (ii) such action results in the substitution or replacement of such Personal Property with similar items of equivalent value.

(c) Ground Lessor is a limited liability company organized under the laws of the State of New Jersey; Ground Lessee is a limited partnership organized under the laws of the State of New Jersey; and Master Lessee is a limited liability company organized under the laws of the State of New Jersey. Until the Indebtedness is paid in full, each Mortgagor shall: (i) not change its legal name without providing Mortgagee with at least fifteen (15) business days prior written notice; (ii) not change its state of organization without providing Mortgagee with at least fifteen (15) business days prior written notice; and (iii) preserve its existence and shall not, in one transaction or a series of transactions, merge into or consolidate with any other entity, unless permitted under the section hereof entitled “**Prohibition on Transfer/One-Time Transfer**”. In the event that any Mortgagor shall elect to change its legal name and/or change its state of organization, such Mortgagor shall first provide a Uniform Commercial Code search(es) of such new legal name and/or new state of organization, which shall be satisfactory in all respects to Mortgagee. Mortgagor shall then promptly and duly execute and deliver any and all such further instruments and documents and take such further action as Mortgagee may reasonably deem necessary or desirable to obtain the full benefits of this Mortgage with respect to the Personal Property including, without limitation, delivering and causing to be filed new financing statements under the Uniform Commercial Code with respect to the security interests granted hereby and such supplemental instruments, documents and agreements as Mortgagee shall require for the purpose of confirming and perfecting, and continuing the perfection of, Mortgagee’s security interest in any or all of the Personal Property.

(d) At the request of Mortgagee, Mortgagor shall join Mortgagee in executing one or more financing statements and continuations and amendments thereof pursuant to the Uniform Commercial Code in form satisfactory to Mortgagee, and Mortgagor shall pay the cost of filing the same in all public offices wherever filing is deemed by Mortgagee to be necessary or desirable. Mortgagor shall also, at Mortgagor's expense, take any and all other action requested by Mortgagee to perfect Mortgagee's security interest under the Uniform Commercial Code with respect to the Personal Property including, without limitation, exercising Mortgagor's commercially reasonable efforts to obtain any consents, agreements or acknowledgments required of third parties to perfect Mortgagee's security interest in Personal Property consisting of deposit accounts, letter-of-credit rights, investment property and electronic chattel paper.

Other Liens. Mortgagor agrees to keep the Property and any Personal Property free from all other liens either prior or subsequent to the lien created by this Mortgage. The: (i) creation of any other lien on any portion of the Property or on any Personal Property, whether or not prior to the lien created hereby; (ii) assignment or pledge by Mortgagor of its revocable license to collect, use and enjoy rents and profits from the Property; or (iii) granting or permitting of a security interest in or other lien on the direct or indirect ownership interests in Mortgagor, shall constitute a default under the terms of this Mortgage; except that upon written notice to Mortgagee, Mortgagor may, without the existence of such lien constituting a default under this Mortgage, proceed to contest in good faith and by appropriate proceedings any mechanics' liens, tax liens or judgment liens with respect to the Property or any Personal Property described herein, provided funds sufficient to satisfy the contested amount have been deposited in an escrow or other reserve satisfactory to Mortgagee or, in the case of a mechanics' lien, Mortgagor shall have furnished a bond or other security or indemnity as Mortgagee may request insuring Mortgagee against all loss, damage or expense (including the cost of defense) arising from such mechanics' lien.

Environmental.

A. Definitions. As used in this Mortgage, the following terms shall have the following meanings:

(a) Environment: Ambient air, surface water, building interior, groundwater, surface or subsurface soil or other geologic media, sediment and all plants and wildlife present therein or thereon.

(b) Environmental Conditions: Any environmental contamination or pollution or threatened contamination or pollution of, or the Release or threatened Release of Hazardous Substances into, the Environment.

(c) Environmental Documents: Any and all documents including, without limitation, all reports, work plans, proposals, data, audits, evaluations, analyses, correspondence and sampling results, concerning environmental matters of any kind or nature whatsoever respecting the Property including, without limitation, Environmental Conditions on, at, under or emanating from the Property (i) received by the Mortgagor from or submitted by the Mortgagor to any Governmental Authority, or (ii) otherwise in the possession, custody or control of the Mortgagor.

(d) Environmental Laws: Any and all federal, state, regional and local laws, statutes, ordinances, common law, regulations, rules, guidance, codes, consent decrees, judicial or administrative orders or decrees, directives or judgments relating to pollution, damage to or protection of the Environment, Environmental Conditions, or the use, handling, processing, distribution, generation, treatment, storage, disposal, manufacture or transport of Hazardous Substances at or with respect to the Property, presently in effect or hereafter amended, modified or adopted from time-to-time during the term hereof including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA" or the "Federal Superfund Act"), as amended by the Superfund Amendments and Reauthorization Act of 1986 ("SARA") (42 U.S.C. § 9601-9675); the Resource Conservation and Recovery Act of 1976, as amended ("RCRA") (42 U.S.C. § 6901, et seq.); the Clean Water Act, as amended (33 U.S.C. § 1251, et seq.); the Clean Air Act, as amended (42 U.S.C. § 7401, et seq.); the Federal Insecticide, Fungicide and Rodenticide Act, as amended ("FIFRA") (7 U.S.C. § 136, et seq.); the Hazardous Materials Transportation Act, as amended (49 U.S.C. Section 1801, et seq.); the Toxic Substances Control Act (15 U.S.C. 2601, et seq.); the New Jersey Spill Compensation and Control Act, as amended (the "Spill Act") (N.J.S. 58:10-23.11, et seq.); the Industrial Site Recovery Act, as amended ("ISRA") (N.J.S. 13:1K-6, et seq.); the New Jersey Solid Waste Management Act, as amended (N.J.S. 13:1E-1, et seq.); the New Jersey Underground Storage of Hazardous Substances Act ("New Jersey UST Act"), as amended (N.J.S. 58:10A-21, et seq.); the New Jersey Water Pollution Control Act, as amended (N.J.S. 58:10A-1, et seq.); the New Jersey Air Pollution Control Act (N.J.S. 26:2C-1, et seq.); the Safe Drinking Water Act (33 U.S.C. 1251, et seq.); the New Jersey Worker and Community Right to Know Act (N.J.S. 34:5A-1, et seq.); the New Jersey Toxic Catastrophe Prevention Act (N.J.S. 13:1-19, et seq.); the New Jersey Environmental Rights Act (N.J.S. 2A:35A-1, et seq.); and the rules and regulations promulgated thereunder.

(e) Environmental Engineer's Report: That certain Environmental Site Assessment prepared by Pennoni Associates Inc., dated September 29, 2008.

(f) Governmental Authority: Any nation or government, any state, city, locality, municipality or political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any government authority, agency, department, board, commission or instrumentality, including, without limitation, the United States Environmental Protection Agency ("USEPA"), the New Jersey Department of Environmental Protection ("NJDEP") and all other federal, state, regional, county or local government authorities authorized or having jurisdiction to enforce Environmental Laws.

(g) Hazardous Substances: Any substance, material or waste, whether liquid, gaseous or solid, and any pollutant or contaminant, that is toxic, hazardous, explosive, corrosive, infectious or radioactive, or that is defined, listed or regulated under any Environmental Laws including, without limitation, petroleum, polychlorinated biphenyls, urea formaldehyde and asbestos and asbestos containing materials.

(h) Losses: All actions, suits, claims, liabilities, losses, damages, penalties, fines, fees, costs and expenses, including, without limitation, sampling, monitoring and remediation costs, natural resource damages, damages on account of personal injuries, death or property damages, attorneys', consultants' and engineering fees and disbursements, costs of defense and interest.

(i) Regulatory Actions: Any claim, demand, action or proceeding initiated by a third party, including without limitation, any Governmental Authority, under Environmental Laws, with respect to Losses allegedly arising from the ownership, use, operation, management or control of the Property or the acts or omissions of Mortgagor.

(j) Release: The intentional or unintentional spilling, leaking, disposing, discharging, emitting, depositing, injecting, leaching, escaping, release or threatened release, burial, pumping, pouring, emptying or dumping into the Environment.

(k) Remediation: All (i) investigations of Environmental Conditions of any kind or nature whatsoever, including site assessments, site investigations, remedial investigations, soil, groundwater, surface water, sediment sampling or monitoring, or (ii) actions of any kind or nature whatsoever taken to remove, abate or remediate Environmental Conditions, including the use, implementation, application, installation, operation or maintenance of removal actions, in-situ or ex-situ remediation technologies applied to surface or subsurface soils, encapsulation or stabilization of soils, excavation and off-site treatment or disposal of soils, systems for recovery and/or treatment of groundwater or free product, Engineering Controls or Institutional Controls (as such terms are defined under N.J.S. 58:10B-1, et seq.).

(l) Third-Party Claims: Any notice, notification, demand, directive, citation, summons, order, complaint or assessment issued by any third party, including but not limited to a Governmental Authority, relating Environmental Conditions at or affecting the Property.

B. Representations and Warranties. Mortgagor represents and warrants to the best of its knowledge, as of the date hereof that, except as disclosed in the Environmental Engineer's Report and the Environmental Documents delivered by Mortgagor to Mortgagee prior to the date hereof (such Environmental Documents consist of the following: (1) Phase I Environmental Site Assessment dated October 15, 1996 prepared by Environmental Waste Management Associates, Inc.; (2) Remedial Investigation Report dated August 16, 1999 prepared by Environmental Waste Management Associates, LLC ["EWMA"]; (3) Deed Notice made by M-C Plaza V L.L.C. dated February 20, 2007 and recorded June 26, 2007; (4) No Further Action Letter and Covenant Not to Sue dated September 17, 2008 issued by the NJDEP; and (5) Letter dated October 23, 2008 from EWMA to M-C Plaza V L.L.C. including Operations and Maintenance Plan prepared by EWMA for Engineering Controls at Harborside Financial Center, Plaza V, and associated Health and Safety Plan prepared by Phase Associates, LLC) (collectively, the "Existing Environmental Documents"):

(a) No part of the Property was ever used, nor is it being used now, as a landfill, dump or other disposal, storage or treatment area for Hazardous Substances or as a gasoline service station or a facility with its primary operations involving the selling, dispensing, storing, transferring or handling of petroleum and/or petroleum products;

(b) (i) There are not now nor has there ever been located on the Property or in the buildings at the Property any (1) underground storage tanks, above ground storage tanks or any other vessels or areas used or intended for the treatment, storage or disposal of Hazardous Substances, or (2) urea formaldehyde materials, asbestos, asbestos-containing materials, polychlorinated biphenyls (PCBs) or nuclear fuels or wastes; and (ii) Except for such substances in such amounts that are customary for routine cleaning, maintenance, repair and operation of an office building, office space and typical office equipment, which substances shall be stored, used and disposed of in accordance with all Environmental Laws, neither Mortgagor nor any other occupant of the Property has transported for storage, treatment or disposal by contract, agreement or otherwise, or arranged for the transportation, storage, treatment or disposal, of any Hazardous Substance at or to any location including, without limitation, any location used for the treatment, storage or disposal of Hazardous Substances;

(c) There are no Environmental Conditions or other facts, circumstances or activities including, without limitation, the Release of Hazardous Substances, arising out of or relating to the use, operation or occupancy of the Property that result or reasonably could be expected to result in: (i) any obligation of Mortgagor to file any report or notice or to conduct any Remediation, whether on-site or off-site; or (ii) liability, either to a Governmental Authority or third parties, for Losses;

(d) Mortgagor's use, if any, and/or disposal, if any, of Hazardous Substances on the Property and/or disposal elsewhere, if any, of Hazardous Substances generated on or from the Property, is now and at all times has been in compliance with all applicable Environmental Laws;

(e) The Property and the use and operation thereof are currently, and at all times during Mortgagor's occupancy, operation or control of the Property have been, in compliance with all applicable Environmental Laws;

(f) Mortgagor has not received any notice that Mortgagor or the Property: (i) is in violation of the requirements of any Environmental Laws; (ii) is the subject of any Regulatory Action or Third Party Claim; or (iii) has actual or potential liability under Environmental Laws including, without limitation, CERCLA, RCRA, the Spill Act or any comparable Environmental Laws;

(g) Mortgagor has not transported or arranged for the transportation of any Hazardous Substances from the Property to any location which is: (i) listed on the National Priorities List under CERCLA; (ii) listed for possible inclusion on the National Priorities List by the USEPA under CERCLA or on any similar state list; or (iii) the subject of any Regulatory Action which may lead to any Third Party Claims against the Mortgagee for Remediation or other Losses;

(h) Mortgagor has not received and is not in possession of any Environmental Documents which have not been made reasonably available by Mortgagor to Mortgagee;

(i) The Property has not been used at any time nor is it now being used as a "Major Facility", as such term is defined in N.J.S. 58:10-23.11b. Mortgagor will not use or permit the use of the Property in the future as a "Major Facility";

(j) No Governmental Authority has obtained or asserted an encumbrance or lien upon any revenues or any real or personal property owned by Mortgagor including, but not limited to, the Property, as a result of any Release, use or Remediation of any Hazardous Substances for which Mortgagor is legally responsible, nor has any such Release, use or Remediation occurred which could result in the assertion or creation of such a lien or encumbrance; and

(k) None of the operations conducted at the Property at any time during Mortgagor's ownership of such Property has constituted an "industrial establishment", as such term is defined under ISRA.

C. Covenants.

(a) Mortgagor will not permit or conduct on the Property: (i) the disposal of any Hazardous Substances; and (ii) the generation, treatment, manufacture, use, handling or storage of any Hazardous Substances, except as may be disclosed in the Environmental Engineer's Report and the Existing Environmental Documents (which substances shall be generated, treated, manufactured, used, handled and/or stored in accordance with Environmental Laws), and except for such substances in such amounts that are customary for routine cleaning, maintenance, repair and operation of an office building, office space and typical office equipment, which substances shall be stored, used and disposed of in accordance with all Environmental Laws. Without in any way limiting the generality of the foregoing, Mortgagor shall not permit (y) any dry cleaning operations on the Property, or (z) any use of chlorinated solvents by any tenant, occupant, operator or lessee of the Property (other than amounts that are customarily used to routinely clean, maintain, repair and operate office buildings, office space and typical office equipment, and which shall be stored, used and disposed of in accordance with Environmental Laws).

(b) Except for those matters that are disclosed in the Environmental Engineer's Report and the Existing Environmental Documents, Mortgagor will promptly notify Mortgagee in writing of any material existing, pending or threatened: (i) investigation, inquiry, claim, demand, proceeding, directive, notice, order or action pertaining to the Property by any Governmental Authority in connection with any Environmental Laws; (ii) Third-Party Claims; (iii) Regulatory Actions; or (iv) Environmental Conditions at, on, under, emanating from, relating to or surrounding the Property of which it has knowledge or notice, except for such substances in such amounts that are customary for routine cleaning, maintenance, repair and operation of an office building, office space and typical office equipment, which substances are stored, used and disposed of in accordance with all Environmental Laws.

(c) In the event that any Remediation is required to be performed by Mortgagor at, on or under the Property pursuant to the requirements of Environmental Laws as a result of or relating to any of the following, then Mortgagor shall complete or cause to be completed, at its own expense, such Remediation in accordance with the requirements of Environmental Laws and the provisions of subsection (j), below: (i) any Release of any Hazardous Substance on, at or under the Property or the presence of any Hazardous Substance which has come to be located on or under the Property from another location; (ii) any injury to human health or safety or the Environment by reason of any Environmental Conditions on, at, under or emanating from, or activities on or under, the Property; or (iii) any violation of any applicable Environmental Law.

(d) From and after the date of execution of this Mortgage, Mortgagor shall, upon request, promptly make available to Mortgagee, until the Indebtedness has been paid in full, complete copies of any and all Environmental Documents not previously delivered to Mortgagee.

(e) Mortgagor will keep the Property free of any lien imposed pursuant to any Environmental Law. In the event that there shall be filed a lien against the Property by any Governmental Authority pursuant to the provisions of any Environmental Laws including, without limitation, the Spill Act, then Mortgagor shall, within sixty (60) days from the date that Mortgagor is given notice that the lien has been placed against the Property (or within such shorter period of time in the event that the Governmental Authority has commenced steps to cause the Property to be sold pursuant to the lien), either: (i) pay the claim and remove the lien from the Property; or (ii) furnish to Mortgagee either (1) a bond satisfactory to Mortgagee in the amount of the claim out of which the lien arises, (2) a cash deposit in the amount of the claim out of which the lien arises, or (3) other security, guaranty or indemnity reasonably satisfactory to Mortgagee in an amount sufficient to discharge the claim out of which the lien arises.

(f) In the event Mortgagee at any time (even after the occurrence of or during the continuance of any Event of Default under this Mortgage or any of the other Loan Documents) reasonably believes that: (i) there has been a violation of any Environmental Laws at the Property; or (ii) any Environmental Conditions exist at, on, or under, or are emanating from, relating to or surrounding the Property, Mortgagor shall, upon the written request of Mortgagee, have an environmental review or audit and report of the affected or potentially affected portions of the Property prepared for Mortgagee within forty-five (45) days of such request. The duty of Mortgagor to provide an environmental review or audit and report shall continue after the occurrence of and during the continuance of any Event of Default under the terms of this Mortgage or any of the other Loan Documents.

(g) In the event that Mortgagor fails to comply with its obligations pursuant to subsection (f), above, then Mortgagee may, itself or by its employees, agents, contractors or representatives, enter upon the Property for the purposes of conducting such soil, groundwater and chemical tests or other invasive or non-invasive investigations, examinations, or analyses (hereafter referred to as "Investigation") as Mortgagee may reasonably desire. Mortgagee shall provide Mortgagor with reasonable notice before entering the Property to conduct any such Investigation, and Mortgagor shall cooperate fully in such Investigation and provide Mortgagee with reasonable access to the Property to conduct the Investigation.

(h) Mortgagee and its employees, agents, contractors, consultants and/or representatives shall conduct any such Investigation in a manner which does not unreasonably interfere with Mortgagor's and its tenants' use of and operations on the Property. In the event that this Mortgage is foreclosed, Mortgagor shall deliver the Property to Mortgagee free of all Hazardous Substances, except those disclosed in the Environmental Engineer's Report and the Existing Environmental Documents, and further excepting such substances in such amounts that are customary for routine cleaning, maintenance and operation of an office building, office space and typical office equipment, which substances shall have been stored, used and disposed of in accordance with all Environmental Laws, and in compliance with all Environmental Laws.

(i) Mortgagor shall use its diligent and commercially reasonable efforts to ensure compliance with all Environmental Laws by all lessees, tenants, subtenants, occupants, licensees, operators and users of the Property.

(j) In the event Mortgagor performs any Remediation at the Property, Mortgagor agrees to:

(i) Perform and cause all consultants and contractors retained by Mortgagor to perform all such Remediation in a workman-like manner and consistent with all applicable Environmental Laws;

(ii) Comply with all Environmental Laws applicable to the implementation of such Remediation at the Property and obtain all permits, authorizations and consents that may be required under applicable Environmental Laws or by any Governmental Authority in order to implement such Remediation at the Property;

(iii) Select and propose to the Governmental Authority Remediation that shall minimize interference with the current use of the Property or the operations currently conducted by Mortgagor, and will not preclude or prevent the future use of the Property for the same use or any use similar to the current use of the Property. Without in any way limiting the generality of the foregoing, except for those disclosed in the Environmental Engineer's Report and the Existing Environmental Documents, Mortgagor shall not select, propose or use at the Property any Engineering Controls or Institutional Controls (as such terms are defined under N.J.S. 58:10B-1, et seq.) without the prior written consent of Mortgagee, which consent shall not be unreasonably withheld;

(iv) Promptly upon the completion of the Remediation, restore the Property to substantially the same condition it was in prior to the performance of the Remediation;

(v) Provide Mortgagee with copies of any documents that Mortgagor: (i) submits to any Governmental Authority in connection with the Remediation at the same time Mortgagor submits such documents to the Governmental Authority; and (ii) receives from any Governmental Authority in connection with the Remediation within five (5) business days of Mortgagor's receipt of same; and

(vi) Obtain and provide to Mortgagee a No Further Action Letter/Covenant Not to Sue issued by the NJDEP pursuant to N.J.S. 58:10B-13.1 or, if the Remediation is under the supervision of a Governmental Authority other than the NJDEP, obtain a comparable determination from such other Governmental Authority.

D. Mortgagee's Rights of Self-Help.

(a) If Mortgagor fails to comply with any of the provisions of this Section, and/or to initiate and diligently pursue to completion any Remediation required at or with respect to the Property by any Governmental Authority or under any applicable Environmental Laws, and such failure continues for thirty (30) days after Mortgagee provides Mortgagor written notice thereof (provided, however, that if such Remediation requires work to be done, actions to be taken or conditions to be remedied which by their nature cannot be fully done, taken or remedied, as the case may be, within such thirty (30) day period, then no such failure shall be deemed to have occurred with respect to any such work, actions or Remediation so long as Mortgagor commences performance of any such work, actions or Remediation within such thirty (30) day period and thereafter diligently and continuously prosecutes same to completion), Mortgagee may, in its sole discretion: (i) upon prior written notice to Mortgagor, cause the Remediation of any Release of a Hazardous Substance or other Environmental Conditions on, at, under, emanating from, relating to or surrounding the Property; (ii) pay on behalf of Mortgagor any Losses imposed on Mortgagor as a result of any Regulatory Actions; and/or (iii) make any other payment or perform any other reasonable act which will prevent a lien in favor of any Governmental Authority from attaching to the Property as a result of such failure. The costs of such Remediation and/or exercise of the remedies hereinabove set forth by Mortgagee shall be added to the Indebtedness and said costs shall become due and payable, with interest thereon, at the Default Rate. After the occurrence of an Event of Default hereunder, Mortgagor shall give Mortgagee and its employees, agents, contractors and representatives, access to the Property to conduct any Remediation that Mortgagee, in its sole discretion, deems appropriate; however, Mortgagee has no affirmative obligation to conduct any such Remediation, and none of this Mortgage or any of the other Loan Documents shall be construed as creating any such obligation or any such liability on the part of Mortgagee.

(b) Any partial exercise by Mortgagee of the remedies set forth in this Section D., or any partial undertaking on the part of Mortgagee to cure the failure of Mortgagor to comply with any Environmental Laws, shall not obligate Mortgagee to complete the actions taken or require Mortgagee to expend further sums to cure such non-compliance; nor shall the exercise of any such remedies operate to place upon Mortgagee any responsibility for the operation, control, care, management or repair of the Property or make Mortgagee, or be construed to deem Mortgagee to be, an "owner" or "operator" of the Property within the meaning of or under any Environmental Laws. Mortgagee, by making any such payment or incurring any such costs, shall be subrogated to any rights of Mortgagor to seek reimbursement from any third parties including, without limitation, a predecessor-in-interest to Mortgagor's title to the Property, who may be a "responsible party" or otherwise liable for any or all of such payments or costs under any Environmental Laws, common law, equity or contract.

(c) Mortgagor acknowledges and agrees that the representations and warranties of Mortgagor contained in Section B. hereof are based on its investigation of the Property and Mortgagee is entitled to rely thereon notwithstanding any independent investigations by Mortgagee or its employees, agents, contractors or representatives.

(d) Mortgagor and its successors and assigns hereby forfeit and forever waive, release and covenant not to sue Mortgagee with respect to, any claims, rights, remedies or causes of action that Mortgagor may have now or in the future or that may arise against Mortgagee under Environmental Laws or any other theory of liability with respect to any environmental matters of any kind or nature whatsoever respecting the Property including, without limitation, any Environmental Conditions on, at, under or emanating from the Property, except to the extent such claim, right, remedy or cause of action arises or results from the negligent acts or omissions of Mortgagee or its successors or assigns after any foreclosure pursuant to the terms hereof or after Mortgagee becomes a mortgagee-in-possession prior to such foreclosure.

(e) Mortgagee's rights and remedies against Mortgagor under this Section shall be in addition to and not in lieu of all other rights and remedies of Mortgagee under this Mortgage or any of the other Loan Documents, at law or in equity.

Indemnification, Duty to Defend and Costs, Fees and Expenses. In addition to any other indemnities contained in the Loan Documents, Mortgagor shall indemnify, defend and hold Mortgagee harmless from and against any and all losses, liabilities, claims, demands, damages, costs and expenses (including, but not limited to, costs of title evidence and endorsements to Mortgagee's title insurance policy with respect to the Property and reasonable attorney fees and other costs of defense) which may be imposed upon, incurred by or asserted against Mortgagee, whether or not any legal proceeding is commenced with regard thereto, in connection with: (i) the enforcement of any of Mortgagee's rights or powers under the Loan Documents; (ii) the protection of Mortgagee's interest in the Property; or (iii) any accident, injury to or death of persons or loss of or damage to property occurring in, on or about the Property or on any sidewalk, curb, parking area, space or street located adjacent thereto. If any claim or demand is made or asserted against Mortgagee by reason of any event as to which Mortgagor is obligated to indemnify or defend Mortgagee, then, upon demand by Mortgagee, Mortgagor, at Mortgagor's sole cost and expense, shall defend such claim, action or proceeding in Mortgagee's name, if necessary, by such attorneys as Mortgagee shall reasonably approve. Notwithstanding the foregoing, if Mortgagee in good faith believes that its interests in such claim, action or proceeding are divergent from Mortgagor's interests, Mortgagee may, in Mortgagee's sole discretion, engage its own attorneys to defend it or assist in its defense and Mortgagor shall pay the reasonable fees and disbursements of such attorneys.

Failure of Mortgagor to Act. If, after notice to Mortgagor and the expiration of any grace or cure period provided for under the sections hereof entitled “**Event of Default**” and “**Notice of Default**”, Mortgagor fails to make any payment or do any act as herein provided, Mortgagee may, without obligation to do so, without additional notice to or demand upon Mortgagor and without releasing Mortgagor from any obligation hereof: (i) make or do the same in such manner and to such extent as Mortgagee may deem necessary to protect the security hereof, Mortgagee being authorized to enter upon the Property for such purpose; (ii) appear in and defend any action or proceeding purporting to affect the security hereof, or the rights or powers of Mortgagee; (iii) pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of Mortgagee appears to be prior or superior hereto, but subject to Mortgagor’s rights to contest same pursuant to other provisions of this Mortgage; and (iv) in exercising any such powers, pay necessary expenses, employ counsel and pay its reasonable fees. Sums so expended and all losses, liabilities, claims, damages, costs and expenses required to be reimbursed by Mortgagor to Mortgagee hereunder shall be payable by Mortgagor immediately upon demand with interest from the latter of the date of expenditure or demand, as the case may be, at the Default Rate (as defined in the Notes). All sums so expended and demanded by Mortgagee and the interest thereon shall be included in the Indebtedness and secured by the lien of this Mortgage.

Event of Default. Any default by Mortgagor in making any required payment of the Indebtedness or any default in any provision, covenant, agreement, warranty or certification contained in any of the Loan Documents shall, except as provided in the two immediately succeeding paragraphs, constitute an “Event of Default”.

Notice of Default. A default in any payment required in the Notes or any other Loan Document, whether or not payable to Mortgagee (a “Monetary Default”), shall not constitute an Event of Default unless Mortgagee shall have given a written notice of such Monetary Default to Mortgagor and Mortgagor shall not have cured such Monetary Default by payment of all amounts in default (including, in the event that the payment was payable to Mortgagee, payment of interest at the Default Rate, as defined in the Notes, from the date of default to the date of cure) within five (5) business days after the date on which Mortgagee shall have given such notice to Mortgagor.

Any other default under the Notes or under any other Loan Document (a “Non-Monetary Default”) shall not constitute an Event of Default unless Mortgagee shall have given a written notice of such Non-Monetary Default to Mortgagor and Mortgagor shall not have cured such Non-Monetary Default within thirty (30) days after the date on which Mortgagee shall have given such notice of default to Mortgagor (or, if the Non-Monetary Default is not curable within such 30-day period, Mortgagor shall not have diligently undertaken and continued to pursue the curing of such Non-Monetary Default and deposited an amount sufficient to cure such Non-Monetary Default in an escrow account satisfactory to Mortgagee).

In no event shall the notice and cure period for Monetary Default provisions recited above constitute a grace period for the purposes of commencing interest at the Default Rate (as defined in the Notes).

Appointment of Receiver. Upon the occurrence and continuance of an Event of Default under this Mortgage, Mortgagee (without limitation or restriction by any present or future law, without regard to the solvency or insolvency at that time of any party liable for the payment of the Indebtedness, without regard to the then value of the Property, whether or not there exists a threat of imminent harm, waste or loss to the Property and or whether the same shall then be occupied by the owner of the equity of redemption as a homestead) shall have the absolute right to the appointment of a receiver of the Property and of the revenues, rents, profits and other income therefrom, and said receiver shall have (in addition to such other powers as the court making such appointment may confer) full power to collect all such income and, after paying all necessary expenses of such receivership and of operation, maintenance and repair of said Property, to apply the balance to the payment of any of the Indebtedness then due.

Foreclosure. Upon the occurrence of an Event of Default, the entire unpaid Indebtedness shall, at the option of Mortgagee, become immediately due and payable for all purposes without any notice or demand, except as required by law (ALL OTHER NOTICE OF THE EXERCISE OF SUCH OPTION, OR OF THE INTENT TO EXERCISE SUCH OPTION, BEING HEREBY EXPRESSLY WAIVED), and Mortgagee may, in addition to exercising any rights it may have with respect to the Personal Property under the Uniform Commercial Code of the jurisdiction in which the Property is located, institute proceedings in any court of competent jurisdiction to foreclose this instrument as a mortgage, or to enforce any of the covenants hereof. Mortgagee, to the extent permitted by applicable law, shall, out of the proceeds or avails of a foreclosure sale, after first paying and retaining all fees, charges, costs of advertising the Property and of making said sale, and attorneys' fees as herein provided, apply such proceeds to the Indebtedness, including all sums advanced or expended by Mortgagee or the legal holder of the Indebtedness pursuant to any of the Loan Documents, with interest from date of advance or expenditure at the Default Rate (as defined in the Notes), rendering the excess, if any, as provided by law. At the foreclosure sale, the legal holder of the Indebtedness may purchase the Property or any part thereof. It shall not be obligatory upon any other purchaser at any such foreclosure sale to see to the application of the purchase money.

Prohibition on Transfer/One-Time Transfer. The present ownership and management of the Property is a material consideration to Mortgagee's in making the loan secured by this Mortgage, and Mortgagor shall not: (i) convey title to all or any part of the Property; (ii) enter into any contract to convey (land contract/installment sales contract/contract for deed) title to all or any part of the Property which gives a purchaser possession of, or income from, the Property prior to a transfer of title to all or any part of the Property ("Contract to Convey"); or (iii) cause or permit a change in the proportionate ownership of any of the entities, directly or indirectly, constituting Mortgagor. Any such conveyance, entering into a Contract to Convey or change in the proportionate ownership of Mortgagor shall constitute a default under the terms of this Mortgage.

Notwithstanding the foregoing, a “change in the proportionate ownership of any of the entities, directly or indirectly, constituting Mortgagor” and a “change in the proportionate ownership of Mortgagor” means any conveyance, assignment, grant of security interest or other transfer resulting in Mack-Cali Realty, L.P. not being in direct or indirect control of all of the entities constituting Mortgagor and/or Mack-Cali Realty, L.P. owning, directly or indirectly, less than a 51% lien-free interest in any of the entities constituting Mortgagor. Accordingly, assignments of the Ground Lease and Master Lease shall be permitted as long as: (a) the assignee is controlled, directly or indirectly, by Mack-Cali Realty, L.P.; (b) Mack-Cali Realty, L.P., directly or indirectly, owns at least 51% of the assignee; (c) the assignee makes the representation and warranty to Mortgagee set forth in the section entitled “**Business Restriction Representation and Warranty**”; and (d) at the time of such transfer, Mortgagor re-makes representations and warranties acceptable to Mortgagee and substantially equivalent to those set forth in the Loan Documents (exclusive of any modifications thereto set forth in side letters, if any, which are “personal” to Mortgagor) relating to compliance with OFAC and any similar regulations or statutes and ERISA, as same may have been amended.

Notwithstanding anything to the contrary contained in this Mortgage, in no event shall the sale of Mack-Cali Realty Corporation and/or Mack-Cali Realty, L.P., or a sale of all or substantially all of their assets, or a merger involving either or both entities, be deemed to constitute or shall otherwise trigger a conveyance or transfer of the Property, and no consent of Mortgagee or payment of a fee to Mortgagee will be required in connection with any such transaction.

Notwithstanding the above, provided the loan secured by this Mortgage is not in default, upon the prior written request from Mortgagor, Mortgagee shall not withhold its consent to a one-time transfer of all, but not less than all, of the Property, provided:

- (i) the Property shall have achieved Debt Service Coverage (as hereinafter defined) of at least 1.25 for the last full fiscal year as determined from audited financial statements, and there are no junior liens on the Property, other than those that may be consented to or approved by Mortgagee;
- (ii) the transferee (the “Transferee”) or an owner of a controlling interest in the Transferee (in either case, the “Creditworthy Party”) has a net worth, determined in accordance with generally accepted accounting principles, of at least \$1,000,000,000, with reasonably available liquidity (in the form of bank demand accounts, available lines of credit that are reasonably anticipated to remain available for a reasonable period of time and publicly traded securities) of at least \$100 million after funding the equity needed to close the purchase;

- (iii) if (x) the transfer of the Property is not being effected via a purchase of the entity or entities that own the Property, and (y) provided that compliance with this requirement does not prevent consummation of a sale transaction or increase a sale transaction's costs by more than a nominal amount, then the Transferee and its general partner(s) or managing member(s), if any, must each be a bankruptcy remote, single purpose entity ("SPE"), the sole real property and material assets of which will be the Property (or in the case of a general partner or managing member, its interest in the Transferee). In addition, in such event, the loan assumption documents will include a covenant that the Transferee will not engage in any business other than owning and operating the Property, and the Transferee's ownership structure and organizational documents shall be in form and substance reasonably acceptable to Mortgagee and shall contain, among other things, acceptable restrictions on the Transferee's purpose and its ability to incur indebtedness, "separateness covenants" and such other bankruptcy-remote, single purpose provisions that Mortgagee may reasonably require. The loan assumption documents will also contain such representations, warranties and covenants as Mortgagee may reasonably require relating to the Transferee's bankruptcy-remote, single purpose status. The foregoing provisions shall also apply to any general partner(s) or managing member(s) of the Transferee. Notwithstanding the foregoing, Mortgagee will not require (a) that the Transferee's organizational structure include an independent director, and (b) a non-consolidation opinion;
- (iv) the Transferee or the Creditworthy Party is experienced in the ownership and management of at least 10 million square feet of commercial office buildings;
- (v) neither the Transferee nor the Creditworthy Party is subject to any bankruptcy, reorganization or insolvency proceedings or any criminal charges or proceedings and is not a current or past litigant, plaintiff or defendant in any suit brought against or by Mortgagee;
- (vi) the Transferee assumes all obligations under the Loan Documents (except side letters, if any, which are "personal" to Mortgagor) pursuant to an assumption agreement, in form and substance reasonably acceptable to Mortgagee, which includes representations, warranties and covenants substantially equivalent to those set forth in the Loan Documents (exclusive of any modification thereto set forth in side letters, if any, which are "personal" to Mortgagor) relating to compliance with OFAC and any similar regulations or statutes and ERISA, as same may be amended and, if applicable, with respect to being an SPE, bankruptcy remote entity, and Mortgagee receives a satisfactory enforceability opinion with respect to the assumption agreement from counsel approved by Mortgagee, and Mortgagor shall remain liable under the Loan Documents, except as provided in clause (ix), below;

- (vii) the Creditworthy Party executes a form of Guarantee of Recourse Obligations and Environmental Indemnity Agreement comparable to the forms executed by the Principal, and Mortgagee receives a reasonably satisfactory enforceability opinion with respect thereto from counsel approved by Mortgagee;
- (viii) an environmental report (a copy of which shall be given to Mortgagor) on the Property which meets Mortgagee's then current requirements and is updated to no earlier than ninety (90) days prior to the date of transfer, is provided to Mortgagee at least thirty (30) days prior to the date of transfer and said report shall be satisfactory to Mortgagee at the time of transfer;
- (ix) Mortgagor and the Principal shall remain liable under all of the Loan Documents (including the Environmental Indemnity Agreement dated of even date herewith), except for (a) Mortgagor's obligations expressly assumed by the Transferee and/or Principal's obligations expressly assumed by the Creditworthy Party, in each case required by the Loan Documents to be performed after the date of the transfer of the Property, and (b) acts or occurrences after the date of transfer of the Property to the extent liability for such acts and occurrences has in fact been assumed by the Creditworthy Party;
- (x) Mortgagee receives an endorsement to its policy of title insurance, satisfactory to Mortgagee; and
- (xi) the outstanding balance of the Notes at the time of the transfer is not more than 65% of the gross purchase price of the Property.

If Mortgagor shall make a one-time transfer pursuant to the above conditions, Mortgagee shall be paid a fee equal to one percent (1%) of the then outstanding balance of the Notes, and Mortgagor, the Transferee or another person or entity shall pay all reasonable third-party costs, fees and expenses (including reasonable legal fees) incurred by Mortgagee in connection with such transfer. The fee shall be paid on or before the closing date of such one-time transfer. At the time of such transfer, no modification of the interest rate or repayment terms of the Notes will be required.

After such one-time transfer, no subsequent transfers of the Property shall be allowed and no Change in the Proportionate Ownership of Transferee (as hereinafter defined) shall be allowed without Mortgagee's prior written consent. "Change in the Proportionate Ownership of Transferee" means a change in control of the Transferee or the Creditworthy Party, or the existence of a lien on, the direct or indirect ownership interests in the Transferee or the Creditworthy Party which could result in such a change in control, except for publicly traded securities.

"Debt Service Coverage" means a number calculated by dividing Net Income Available for Debt Service (as hereinafter defined) for a fiscal period by the debt service during the same fiscal period under all indebtedness (including the Indebtedness) secured by any portion of the Property. For purposes of the preceding sentence, "debt service" means the actual debt service due under all indebtedness secured by any portion of the Property based upon a thirty (30) year amortization schedule (whether or not amortization is actually required) and, if an accrual loan, as if interest and principal on such indebtedness were due monthly.

"Net Income Available for Debt Service" means net income (prior to giving effect to any capital gains or losses and any extraordinary items) from the Property, determined in accordance with generally accepted accounting principles ("GAAP"), consistently applied, for a fiscal period, plus (to the extent deducted in determining net income from the Property):

- A) interest on indebtedness secured by any portion of the Property for such fiscal period;
- B) depreciation, if any, of fixed assets at or constituting the Property for such fiscal period;
- C) amortization, if any, over the term of the lease, of standard tenant finish expenditures at the Property (but specifically excluding the amortization of tenant finish expenditures by Mortgagor in excess of \$40.00 per square foot for new tenants and \$10.00 per square foot for renewal tenants (i.e., above standard tenant finishes)); and
- D) amortization of loan costs (over the term of the loan) incurred in connection with any indebtedness secured by any portion of the Property and leasing commissions (over the term of the lease) which have been prepaid;

less:

- E) an amount (positive or negative) to offset any rent averaging adjustment resulting from adherence to FASB-13;

- F) the amortization of free rent and any other tenant concessions and promotional items not deducted in the calculation of net income above;
- G) a replacement reserve for future tenant improvements, leasing commissions and structural items based on not less than \$2.11 per square foot per annum;
- H) the amount, if any, by which actual gross income during such fiscal period exceeds that which would be earned from the rental of 94% of the gross leaseable area in the Property;
- I) the amount, if any, by which the actual management fee is less than 3% of gross revenue during such fiscal period;
- J) the amount, if any, by which the actual real estate taxes or PILOT are less than \$3.25 per square foot per annum; and
- K) the amount, if any, by which total operating expenses, excluding management fees, real estate taxes and replacement reserves, are less than \$10.24 per square foot per annum.

All adjustments to net income referenced above shall be calculated in a manner reasonably satisfactory to Mortgagee.

Financial Statements.

(A) Mortgagor shall furnish the following items to Mortgagee within 120 days after the close of each fiscal year of Mortgagor (the "Property Financial Statements Due Date" or "Financial Statements Due Date"):

- (i) combined financial statements for the Mortgagor/Property, which will include an unaudited statement of operations for such fiscal year, an unaudited balance sheet as of the last day of such fiscal year and an unaudited statement of cash flows as of the last day of such fiscal year;
- (ii) a copy of the most recent Form 10K of the Principal filed with the Securities and Exchange Commission, which includes an audited balance sheet and audited statement of cash flows for the Principal as of the last day of the Principal's fiscal year;
- (iii) a current rent roll identifying location, leased area, lease begin and end dates, current contract rent, rent increases and increase dates, percentage rent, expense reimbursements, and any other recovery items; and
- (iv) an operating budget for the current fiscal year.

(B) Furthermore, Mortgagor shall furnish to Mortgagee, within 20 days after receipt of a written request from Mortgagee, such reasonable financial and management information in the possession of, or accessible to, Mortgagor which Mortgagee determines to be useful in Mortgagee's monitoring of the value and condition of the Property, Mortgagor or the Principal.

All unaudited financial statements shall contain a certification by an officer of Mortgagor stating that they have been prepared in accordance with GAAP in all material respects and that they are true, accurate and complete in all material respects. The expense of preparing all of the financial statements required in (A), above shall be borne by Mortgagor.

In addition to all other remedies available to Mortgagee hereunder, at law and in equity, if any financial statement, additional information or proof of payment of property taxes, assessments and/or PILOT is not furnished to Mortgagee, as required in this section entitled "**Financial Statements**" and in the section entitled "**Taxes and Special Assessments**", within 30 days after Mortgagee shall have given written notice to Mortgagor that it has not been received as required,

- (x) interest on the unpaid principal balance of the Indebtedness shall, as of the applicable Financial Statements Due Date or the date such additional information or proof of payment of property taxes, assessments and/or PILOT was due, accrue and become payable at a rate equal to the sum of the Interest Rate (as defined in the Notes) plus one percent (1%) per annum (the "Increased Rate"); and
- (y) Mortgagee may elect to obtain an independent audit of the Property at Mortgagor's expense, and Mortgagor agrees that it will, upon request, promptly make Mortgagor's books and records regarding the Property available to Mortgagee and the person(s) performing the audit (which obligation Mortgagor agrees can be specifically enforced by Mortgagee).

The Increased Rate shall continue to be in effect until the financial statements, additional information and/or proof of payment of property taxes, assessments and/or PILOT (as requested by Mortgagee) shall be furnished to Mortgagee as required. The Increased Rate shall be calculated and paid as follows: additional interest on the then unpaid principal balance of the Notes shall: (a) accrue at the rate of one percent (1%) per annum (the "Increased Interest"); (b) be added to the regular monthly payments due under the Notes and be due and payable monthly in arrears; and (c) be calculated based on the actual number of days that the financial statements, additional information and/or proof of payment of property taxes, assessments and/or PILOT (as requested by Mortgagee) are outstanding in the prior month and the actual number of days in the calendar year, except to the extent that the number of days that such items are outstanding consists of a full calendar month, in which case such calculation shall be based on a year consisting of 360 days. In the months in which the Increased Interest shall be due and payable, there shall be no change in the amortization of principal or the amortization schedule under the Notes. Commencing on the date on which the financial statements, additional information and/or proof of payment of property taxes, assessments and/or PILOT are received by Mortgagee, the Increased Rate shall terminate and expire, and interest on the unpaid principal balance shall again accrue at the Interest Rate. Notwithstanding the foregoing, Mortgagee shall have the right to conduct an independent audit at its own expense at any time.

Defeasance. Mortgagor may obtain a release of the Property from the operation, effect and lien of this Mortgage and all other Loan Documents securing repayment of the Notes, other than the Environmental Indemnity Agreement, and thereafter Mortgagee's recourse shall be limited to the Adequate Substitute Collateral (as hereinafter defined) and Mortgagee's rights under the Environmental Indemnity Agreement, subject to the satisfaction of the conditions set forth in the following clauses (a) through (f), below:

- (a) The payment of a service fee to Mortgagee in the amount of \$10,000, plus payment of all reasonable costs and expenses (including reasonable legal fees of outside counsel) incurred by Mortgagee in connection with the defeasance.
- (b) The deposit with Mortgagee (or with an escrow holder satisfactory to Mortgagee) of the Adequate Substitute Collateral.
- (c) No Event of Default shall have occurred and be continuing on the date of the deposit of the Adequate Substitute Collateral.
- (d) The delivery to Mortgagee of an instrument executed by Mortgagor, reasonably satisfactory in scope, form and content to Mortgagee, granting a security interest in the Adequate Substitute Collateral and providing that Mortgagee may apply the Adequate Substitute Collateral to the payment of principal and interest due under the Notes when such payments become due.
- (e) Mortgagor's execution and delivery to Mortgagee of such UCC financing statements as Mortgagee may reasonably require.
- (f) The delivery to Mortgagee of an opinion of counsel approved by Mortgagee in form and substance reasonably satisfactory to Mortgagee to the effect that:
 - (1) The Adequate Substitute Collateral has been pledged to Mortgagee and is not subject to any valid interest, lien, claim or encumbrance of any other person or entity or by any court or trustee in bankruptcy;

- (2) The deposit of the Adequate Substitute Collateral will not constitute a preferential transfer or fraudulent conveyance under any bankruptcy or similar law;
- (3) The Adequate Substitute Collateral cannot be recovered by either creditors of Mortgagor (other than Mortgagee) or the trustee or custodian, for the benefit of such creditors, in any bankruptcy or insolvency proceeding prior to payment in full of the Indebtedness evidenced by the Notes; and
- (4) Mortgagee will not recognize income, gain or loss for federal income tax purposes as a result of such deposit of such Adequate Substitute Collateral, and Mortgagee will be subject to federal income tax on the same amount and in the same manner and at the same times as would have been in the case if such deposit of Adequate Substitute Collateral had not occurred.

Such opinion shall cover such other matters as Mortgagee may reasonably require in connection with the deposit of Adequate Substitute Collateral and matters relating thereto.

As used herein, "Adequate Substitute Collateral" means non-callable U.S. Treasury Obligations (as hereinafter defined), not payable or redeemable prior to their expressed maturities, which through the payment of principal and interest in respect thereof in accordance with their terms, without any reinvestment or further investment of the principal or interest earned on such U.S. Treasury Obligations, will absolutely and unconditionally provide for payment in any and all circumstances on the due date of each payment of interest and principal required by the terms of the Notes, timed so that no prepayment occurs, an amount equal to the amount of interest and principal due and payable on each such due date, through and including a payment date selected by Mortgagor occurring during the last 60 days of the term of the Notes.

As used herein, "U.S. Treasury Obligations" means direct obligations of the United States of America, or obligations of United States agencies or instrumentalities reasonably acceptable to Mortgagee, in either case, the payment or guarantee of which constitutes a full faith and credit obligation of the United States of America.

Within five (5) business days after defeasance, Mortgagee shall return to Mortgagor, by wire transfer, any reserves held by Mortgagee.

Property Management. The management company for the Property shall be reasonably satisfactory to Mortgagee. Any change in the management company without the prior written consent of Mortgagee shall constitute a default under this Mortgage. Management by Mack-Cali Realty, L.P., Mack-Cali Realty Corporation or any management company owned and/or controlled, directly or indirectly, by Mack-Cali Realty Corporation or Mack-Cali Realty, L.P. shall be satisfactory to Mortgagee, and any change in management to such an entity will not require Mortgagee's prior written consent.

Leasehold Property. With respect to the leasehold and subleasehold portions of the Property (but not any sub-subleasehold portions of the Property):

(a) This Mortgage expressly includes the grant, conveyance, mortgage and warrant of all improvements on the demised premises and all additional title, estate, interest or right which may at any time be acquired by Ground Lessee and/or Master Lessee. It is expressly agreed that this Mortgage shall constitute a lien upon the fee simple title, the leasehold estate, the subleasehold estate or any other interest acquired by Ground Lessee and/or Master Lessee in any of such demised premises.

(b) Ground Lessor and Ground Lessee warrant that there is no present default under the terms and conditions of the Ground Lease, and there are no claims, offsets, counterclaims or other matters that may ripen into a default. If a default shall occur in the future, Ground Lessor and Ground Lessee covenant that written notice thereof shall be promptly served on Mortgagee. A default by Ground Lessee under the Ground Lease shall constitute a default under this Mortgage.

(c) Master Lessor and Master Lessee warrant that there is no present default under the terms and conditions of the Master Lease, and there are no claims, offsets, counterclaims or other matters that may ripen into a default. If a default shall occur in the future, Master Lessor and Master Lessee covenant that written notice thereof shall be promptly served on Mortgagee. A default by Master Lessee under the Master Lease shall constitute a default under this Mortgage.

Deposits by Mortgagor. To assure the timely payment of real estate taxes and special assessments (including personal property taxes, if appropriate), upon the occurrence of an Event of Default, Mortgagee shall thence forth have the option to require Mortgagor to deposit funds with Mortgagee, in monthly or other periodic installments in amounts reasonably estimated by Mortgagee from time to time sufficient to pay real estate taxes and special assessments as they become due. If at any time the funds so held by Mortgagee shall be insufficient to pay any of said expenses, Mortgagor shall, upon receipt of notice thereof, immediately deposit such additional funds as may be necessary to remove the deficiency. All funds so deposited shall be irrevocably appropriated to Mortgagee to be applied to the payment of such real estate taxes and special assessments and, at the option of Mortgagee after the occurrence of an Event of Default, the Indebtedness.

Notices. Any notices, demands, requests and consents permitted or required hereunder or under any other Loan Document shall be in writing, may be delivered personally or sent by certified mail, return receipt requested, with postage prepaid, or by reputable overnight courier service. Any notice or demand sent to Mortgagor shall be addressed to Mortgagor c/o Mack-Cali Realty Corporation, 343 Thornall Street, Edison, NJ 08837-2206, Attention: Mitchell E. Hersh, President and Chief Executive Officer, with a copy to the attention of Roger W. Thomas, Esq., Executive Vice President and General Counsel, at the same address, or to such other address(es) in the United States of America as Mortgagor shall designate in a notice to Mortgagee given in the manner described herein. Any notice given to Mortgagee shall refer to NM Loan No. 338136 and NY Life Loan No. 374-0185. Any notice sent to Mortgagee shall be sent to Servicer (as defined below), shall be sent by certified mail, return receipt requested, or reputable overnight courier service and, as of the date hereof, shall be addressed to The Northwestern Mutual Life Insurance Company to the attention of the Real Estate Investment Department at 720 East Wisconsin Avenue, Milwaukee, WI 53202, or at such other address(es) as Northwestern Mutual shall designate in a notice given in the manner described herein. Mortgagor shall have no obligation to determine the identity of the Servicer. Notwithstanding the foregoing, all submissions, notices and requests for approvals, waivers or consents required to be made or obtained by Mortgagor, or given by Mortgagee, shall be made or obtained from, or given by, the Servicer, but a copy of all submissions, notices and requests for approvals, waivers or consents (together with supporting materials) shall be delivered, in the same manner as the original, to the holder of each of the Notes of which Mortgagor has notice (except that no copy needs to be provided to the holder of a Note if such holder is also the Servicer). A copy of all submissions, notices and requests for approvals, waivers or consents (together with supporting materials) shall be addressed to the holder of the NYL Note at New York Life Insurance Company, c/o New York Life Investment Management LLC, to the attention of the Real Estate Group, Director Loan Administration Division at 51 Madison Avenue, New York, NY 10010, or at such other address(es) as New York Life Insurance Company shall designate in a notice given to Mortgagor in the manner described herein. Any notice or demand hereunder shall be deemed given when received. Any notice or demand which is rejected, the acceptance of delivery of which is refused or which is incapable of being delivered on a business day during normal business hours at the address specified herein or such other address designated pursuant hereto shall be deemed received as of the date of attempted delivery.

Modification of Terms. Without affecting the liability of Mortgagor or any other person (except any person expressly released in writing) for payment of the Indebtedness or for performance of any obligation contained herein and without affecting the rights of Mortgagee with respect to any security not expressly released in writing, Mortgagee may, at any time and from time to time, either before or after the maturity of the Notes, without notice or consent: (i) release any person liable for payment of all or any part of the Indebtedness or for performance of any obligation; (ii) make any agreement extending the time or otherwise altering the terms of payment of all or any part of the Indebtedness, or modifying or waiving any obligation, or subordinating, modifying or otherwise dealing with the lien or charge hereof; (iii) exercise or refrain from exercising or waive any right Mortgagee may have; (iv) accept additional security of any kind; or (v) release or otherwise deal with any property, real or personal, securing the Indebtedness, including all or any part of the Property.

No Waiver. Neither Mortgagee's failure to exercise any right or remedy nor any acceptance by Mortgagee of payment of Indebtedness in default shall in any event be construed as a waiver of any default then existing and continuing or thereafter occurring, or as a release of any right or remedy.

Nature and Succession of Agreements. Each of the provisions, covenants and agreements contained herein shall inure to the benefit of, and be binding on, the heirs, executors, administrators, successors, grantees, and assigns of the parties hereto, respectively, and the term "Mortgagee" shall include the owner and holder of the Notes. The liability of Mortgagor hereunder shall be joint and several.

Legal Enforceability. No provision of this Mortgage, the Notes or any other Loan Documents shall require the payment of interest or other obligation in excess of the maximum permitted by law. If any such excess payment is provided for in any Loan Documents or shall be adjudicated to be so provided, the provisions of this paragraph shall govern and Mortgagor shall not be obligated to pay the amount of such interest or other obligation to the extent that it is in excess of the amount permitted by law.

Limitation of Liability. Notwithstanding any provision contained herein to the contrary, the personal liability of Mortgagor hereunder shall be limited as provided in the Notes, the terms and conditions of which are incorporated herein by reference as though set forth fully herein at length.

Consent of Mortgagee. In connection with Mortgagor, the Servicer shall be authorized to act on behalf of and for the benefit of Mortgagee and the holders of the Notes. The initial Servicer is Northwestern Mutual and Mortgagor shall be given prior written notice by Northwestern Mutual and New York Life in the event of a change in the identity of the Servicer. All submissions, notices and requests for approvals, waivers or consents required to be made or obtained by Mortgagor, or given by Mortgagee, shall be made or obtained solely from, or given solely by, the Servicer, but a copy of all submissions, notices and requests for approvals, waivers or consents (together with supporting materials) shall be delivered to the holder of each of the Notes of which Mortgagor has notice (except to the extent that the holder of a Note is also the Servicer). Mortgagor shall be entitled to rely on any actions taken or consents, approvals and waivers granted by the Servicer as being taken in accordance with the terms of any servicing agreement between the Servicer and Mortgagee and the holders of the Notes, and pursuant to authority from Mortgagee and the holders of the Notes, and any actions taken or consents, approvals and waivers granted by the Servicer shall be binding upon and enforceable against Mortgagee and the holders of the Notes.

Changes in GAAP. For purposes of calculating Debt Service Coverage, Projected Debt Service Coverage, Net Income Available for Debt Service and Projected Operating Income Available for Debt Service, if any change in GAAP after the date of that certain Loan Application dated as of August 5, 2008 from Mortgagor to Mortgagee (the "Application") results in a change in the calculation, solely as a result of such change in GAAP, then (i) such calculation shall be made on the basis of GAAP in effect as of the date of the Application, and (ii) Mortgagee and Mortgagor shall negotiate in good faith a modification of any covenant(s), requirement(s) or precondition(s) that are based on such calculations so that the economic effect of the calculation of such covenant(s), requirement(s) or precondition(s) utilizing GAAP as so changed is as close as feasible to what the economic effect of the calculation of such covenant(s), requirement(s) or precondition(s) would have been using GAAP as in effect as of the date of the Application.

Miscellaneous. Time is of the essence in each of the Loan Documents. The remedies of Mortgagee as provided herein or in any other Loan Document or at law or in equity shall be cumulative and concurrent, and may be pursued singly, successively, or together at the sole discretion of Mortgagee, and may be exercised as often as occasion therefor shall occur. Neither this Mortgage nor any other Loan Document may be modified or terminated orally but only by agreement or discharge in writing and signed by Mortgagor and Mortgagee. If any of the provisions of any Loan Document or the application thereof to any persons or circumstances shall to any extent be invalid or unenforceable, the remainder of such Loan Document and each of the other Loan Documents, and the application of such provision or provisions to persons or circumstances other than those as to whom or as to which it is held invalid or unenforceable, shall not be affected thereby, and every provision of each of the Loan Documents shall be valid and enforceable to the fullest extent permitted by law.

Conflict or Inconsistency with Commitment. If any provision contained in this Mortgage is in conflict with, or inconsistent with, any provision in the Commitment, the provision contained in this Mortgage shall govern and control.

Waiver of Jury Trial. Mortgagor and Mortgagee, by its acceptance of this Mortgage, hereby waive any right to trial by jury with respect to any action or proceeding (a) brought by Mortgagor, Mortgagee or any other person relating to (i) the obligations secured hereby and/or any understandings or prior dealings between the parties hereto, or (ii) the Loan Documents or the Environmental Indemnity Agreement, or (b) to which Mortgagee is a party.

Captions. The captions contained herein are for convenience and reference only and in no way define, limit or describe the scope or intent of, or in any way affect this Mortgage.

Governing Law. This Mortgage, the interpretation hereof and the rights, obligations, duties and liabilities hereunder shall be governed and controlled by the laws of the state in which the Property is located.

(Remainder of page intentionally left blank)

IN WITNESS WHEREOF, this Mortgage has been executed by the Mortgagor as of the day and year first above written.

M-C PLAZA V L.L.C., a New Jersey limited liability company

By: Mack-Cali Realty, L.P.,
a Delaware limited partnership, its sole member

By: Mack-Cali Realty Corporation,
a Maryland corporation, its general partner

By: /s/ Barry Lefkowitz
Name: Barry Lefkowitz

Title: Executive Vice President and Chief
Financial Officer

CAL-HARBOR V URBAN RENEWAL ASSOCIATES L.P., a New Jersey limited partnership

By: Mack-Cali Sub X, Inc.,
a Delaware corporation, its general partner

By: /s/ Barry Lefkowitz
Name: Barry Lefkowitz

Title: Executive Vice President and Chief Financial
Officer

CAL-HARBOR V LEASING ASSOCIATES L.L.C., a New Jersey limited liability company

By: Mack-Cali Realty, L.P.,
a Delaware limited partnership, its sole member

By: Mack-Cali Realty Corporation,
a Maryland corporation, its general partner

By: /s/ Barry Lefkowitz
Name: Barry Lefkowitz

Title: Executive Vice President and Chief
Financial Officer

(Acknowledgments on following pages)

STATE OF NEW JERSEY)
)ss.
COUNTY OF MIDDLESEX)

I CERTIFY that on October 27, 2008, Barry Lefkowitz, the Executive Vice President and Chief Financial Officer of Mack-Cali Realty Corporation, the General Partner of Mack-Cali Realty, L.P., the sole member of **M-C PLAZA V L.L.C.**, a New Jersey limited liability company, personally came before me and stated to my satisfaction that this person:

- (a) was the maker of the attached Instrument; and
- (b) was authorized to and did execute this Instrument as the Executive Vice President and Chief Financial Officer of Mack-Cali Realty Corporation, the General Partner of Mack-Cali Realty, L.P., the sole member of **M-C PLAZA V L.L.C.**, a New Jersey limited liability company, the entity named in this Instrument.

/s/ Susan M. Epstein
Susan M. Epstein
Notary Public of New Jersey
My Commission Expires: October 8, 2012

STATE OF NEW JERSEY)
)ss.
COUNTY OF MIDDLESEX)

I CERTIFY that on October 27, 2008, Barry Lefkowitz, the Executive Vice President and Chief Financial Officer of Mack-Cali Sub X, Inc., the General Partner of **CAL-HARBOR V URBAN RENEWAL ASSOCIATES L.P.**, a New Jersey limited partnership, personally came before me and stated to my satisfaction that this person:

- (a) was the maker of the attached Instrument; and
- (b) was authorized to and did execute this Instrument as the Executive Vice President and Chief Financial Officer of Mack-Cali Sub X, Inc., the General Partner of **CAL-HARBOR V URBAN RENEWAL ASSOCIATES L.P.**, a New Jersey limited partnership, the entity named in this Instrument.

/s/ Susan M. Epstein
Susan M. Epstein
Notary Public of New Jersey
My Commission Expires: October 8, 2012

STATE OF NEW JERSEY)
)ss.
COUNTY OF MIDDLESEX)

I CERTIFY that on October 27, 2008, Barry Lefkowitz, the Executive Vice President and Chief Financial Officer of Mack-Cali Realty Corporation, the General Partner of Mack-Cali Realty, L.P., the sole member of **CAL-HARBOR V LEASING ASSOCIATES L.L.C.**, a New Jersey limited liability company, personally came before me and stated to my satisfaction that this person:

(a) was the maker of the attached Instrument; and

(b) was authorized to and did execute this Instrument as the Executive Vice President and Chief Financial Officer of Mack-Cali Realty Corporation, the General Partner of Mack-Cali Realty, L.P., the sole member of **CAL-HARBOR V LEASING ASSOCIATES L.L.C.**, a New Jersey limited liability company, the entity named in this Instrument.

/s/ Susan M. Epstein

Susan M. Epstein
Notary Public of New Jersey
My Commission Expires: October 8, 2012

New Jersey
Loan No. 338136

NORTHWESTERN PROMISSORY NOTE

\$120,000,000.00 Dated as of October 28, 2008

For value received, the undersigned, herein called "Borrowers", promise to pay to the order of **THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY** ("Northwestern"), a Wisconsin corporation, who, together with any subsequent holder of this note (hereinafter, this "Note"), is hereinafter referred to as "Lender", at 720 E. Wisconsin Avenue, Milwaukee, WI 53202 or at such other place as Lender shall designate in writing, in coin or currency which, at the time or times of payment, is legal tender for public and private debts in the United States, the principal sum of ONE HUNDRED TWENTY MILLION DOLLARS plus interest on the outstanding principal balance at the rate and payable as follows:

Interest shall accrue from the date of advance until maturity at the rate of six and eighty hundredths percent (6.80%) per annum (the "Interest Rate").

Accrued interest only on the amount advanced shall be paid on the first day of the month following the date of advance (the "Amortization Period Commencement Date"). On the first day of the following month and on the first day of each month thereafter until maturity, installments of principal and interest shall be paid in the amount of \$782,311.00. In the event a payment date falls on a weekend or a legal holiday, the payment shall be due on the preceding business day.

Interest will be calculated assuming each month contains thirty (30) days and each calendar year contains three hundred sixty (360) days. In the event of a partial month, however, interest for such partial month will be calculated based on the actual number of days the principal balance of this Note is outstanding in the month and the actual number of days in the calendar year.

Payments shall be made directly to the Servicer, as defined in the Lien Instrument (as hereinafter defined), by electronic transfer of funds using the Automated Clearing House System. Northwestern is the initial Servicer. Borrowers shall have no liability to Lender or New York Life Insurance Company (the "Co-Lender") in the event of the misapplication of payments by the Servicer. All installments shall be applied first in payment of interest, calculated monthly on the unpaid principal balance, and the remainder of each installment shall be applied in payment of principal. The entire unpaid principal balance plus accrued interest thereon shall be due and payable on November 1, 2018 (the "Maturity Date").

Provided Lender has no further obligation to advance principal under this Note to Borrowers, Borrowers shall have the right, upon not less than ten (10) business days prior written notice, beginning on the first anniversary of the advance of funds of paying this Note in full with a prepayment fee. Borrowers' failure to prepay within twenty (20) business days of the date of Borrowers' written notice of prepayment shall be deemed a withdrawal of Borrowers' notice of prepayment, and Borrowers shall be required to submit another written notice of prepayment pursuant to the terms and conditions set forth in this Note if Borrowers thereafter elect to prepay this Note. This prepayment fee represents consideration to Lender for loss of yield and reinvestment costs and shall also be payable (only if collected from the condemning authority as will be set forth in a side letter between Borrowers, Lender and Co-Lender) whenever prepayment occurs as a result of the application of Condemnation Proceeds, as defined in the Lien Instrument (as hereinafter defined), provided, however, that the side letter shall be binding upon all successors and assigns of Lender. The prepayment fee shall be the greater of Yield Maintenance or one percent (1%) of the outstanding principal balance of this Note.

"Yield Maintenance" means the amount, if any, by which

(i) the present value of the Then Remaining Payments (as hereinafter defined) calculated using a periodic discount rate (corresponding to the payment frequency under this Note) which, when compounded for such number of payment periods in a year, equals the linearly interpolated per annum effective yield of the two (2) Most Recently Auctioned United States Treasury Obligations (as hereinafter defined) having maturity dates most nearly equivalent to the Average Life Date (as hereinafter defined) as reported by The Wall Street Journal ("WSJ") dated one (1) business day prior to the date of prepayment (except that the WSJ Weekend Edition shall be used in lieu of the Monday WSJ provided the previous business day's Treasury yields are published therein); exceeds

(ii) the outstanding principal balance of this Note (exclusive of all accrued interest).

If such United States Treasury obligation yields shall not be reported as of such time or the yields reported as of such time shall not be ascertainable, then the periodic discount rate shall be equal to the linearly interpolated per annum effective yield of the two (2) Treasury Constant Maturity Series yields having maturity dates most nearly equivalent to the Average Life Date reported, for the latest day for which such yields shall have been so reported, as of one (1) business day preceding the prepayment date, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded United States Treasury obligations.

“Then Remaining Payments” means payments in such amounts and at such times as would have been payable subsequent to the date of such prepayment in accordance with the terms of this Note.

“Most Recently Auctioned United States Treasury Obligations” means the U.S. Treasury bonds, notes and bills with maturities of 10 years, 5 years, 2 years and 1 year which, as of the date the prepayment fee is calculated, were most recently auctioned by the United States Treasury.

“Average Life Date” means the date which is the Average Life from the date of prepayment.

“Average Life” means the weighted-average time for the return of the then-remaining principal balance of the Indebtedness (as hereinafter defined) as of the date of prepayment.

Upon the occurrence of an Event of Default (as defined in the Lien Instrument) followed by the acceleration of the whole indebtedness evidenced by this Note, the payment of such indebtedness will constitute an evasion of the prepayment terms hereunder and be deemed to be a voluntary prepayment hereof and such payment will, therefore, to the extent not prohibited by law, include the prepayment fee required under the prepayment in full right recited above and, if such prepayment occurs prior to the first anniversary of the date hereof, then such payment will, to the extent not prohibited by law, include a prepayment fee equal to the greater of Yield Maintenance or ten percent (10%) of the outstanding principal balance of this Note.

In the event of a partial prepayment of this Note for any reason contemplated in the Loan Documents (as defined in the Lien Instrument), the prepayment fee, if required, shall be an amount equal to the prepayment fee if this Note were prepaid in full, multiplied by a fraction, the numerator of which shall be the principal amount prepaid and the denominator of which shall be the outstanding principal balance of this Note immediately preceding the partial prepayment date.

Notwithstanding the above, this Note may be prepaid in full at any time, without a prepayment fee, during the last sixty (60) days of the term of this Note, provided that at the time of prepayment Borrowers are not in default under any provision contained in the Loan Documents.

Borrowers acknowledge and agree that the Interest Rate hereunder shall be increased if certain financial statements and other reports are not furnished to Lender, all as described in more detail in the section of the Lien Instrument entitled “**Financial Statements**”.

This Note and a Promissory Note of even date herewith from Borrowers to Co-Lender in the amount of One Hundred Twenty Million Dollars (the "NYL Note") is secured by certain property (the "Property") in Jersey City, Hudson County, State of New Jersey described in a Mortgage and Security Agreement and Financing Statement (the "Lien Instrument") of even date herewith executed by M-C PLAZA V L.L.C., a New Jersey limited liability company, CAL-HARBOR V URBAN RENEWAL ASSOCIATES L.P., a New Jersey limited partnership, and CAL-HARBOR V LEASING ASSOCIATES L.L.C., a New Jersey limited liability company, to THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY and NEW YORK LIFE INSURANCE COMPANY. Any and all payments made by Borrowers, whether regularly-scheduled installment payments, voluntary prepayments or otherwise, shall be applied by the Servicer against this Note and the NYL Note ratably and without preference, *pari passu*. Lender and Co-Lender are hereinafter referred to together as the "Lenders".

Upon the occurrence of an Event of Default (as defined in the Lien Instrument), the whole unpaid principal hereof and accrued interest shall, at the option of Lender, to be exercised at any time thereafter, become due and payable at once without notice, notice of the exercise of, and notice of the intent to exercise, such option being hereby expressly waived.

All parties at any time liable, whether primarily or secondarily, for payment of indebtedness evidenced hereby, for themselves, their heirs, legal representatives, successors and assigns, respectively, expressly waive presentment for payment, notice of dishonor, protest, notice of protest, and diligence in collection; consent to the extension by Lender of the time of said payments or any part thereof; further consent that the real or collateral security or any part thereof may be released by Lender, without in any way modifying, altering, releasing, affecting, or limiting their respective liability or the lien of the Lien Instrument; and agree to pay reasonable attorneys' fees and expenses of collection in case this Note is placed in the hands of an attorney for collection or suit is brought hereon and Lender prevails in such suit and any reasonable attorneys' fees and expenses incurred by Lender to enforce or preserve its rights under any of the Loan Documents in any bankruptcy or insolvency proceeding.

All amounts due Lender including principal and, to the extent permitted by applicable law, interest not paid when due (without regard to any notice and/or cure provisions contained in any of the Loan Documents), including principal becoming due by reason of acceleration by Lender of the entire unpaid balance of this Note, shall bear interest from the due date thereof until paid at the Default Rate. "Default Rate" means the lower of a rate equal to the interest rate in effect at the time of the default as herein provided plus 5% per annum or the maximum rate permitted by law.

In addition, if Borrower fails to make any payment to Lender when due and the failure continues for a period of five (5) business days or more, Borrower shall pay to Lender a late charge equal to three percent (3%) of the delinquent payment.

No provision of this Note shall require the payment or permit the collection of interest, including any fees paid which are construed under applicable law to be interest, in excess of the maximum permitted by law. If any such excess interest is collected or herein provided for, or shall be adjudicated to have been collected or be so provided for herein, the provisions of this paragraph shall govern, and Borrowers shall not be obligated to pay the amount of such interest to the extent that it is in excess of the amount permitted by law. Any such excess collected shall, at the option of Lender, unless otherwise required by applicable law, be immediately refunded to Borrowers or credited on the principal of this Note, without prepayment fee, immediately upon Lender's awareness of the collection of such excess.

Notwithstanding any provision contained herein, in the Lien Instrument or any of the other Loan Documents to the contrary, if Lender shall take action to enforce the collection of the indebtedness evidenced hereby or secured by the Lien Instrument (collectively, the "Indebtedness") or to enforce the collection or performance of any other obligation or liability of Borrowers under any of the other Loan Documents, its recourse shall, except as provided below, be limited to the Property or the proceeds from the sale of the Property and the proceeds realized by Lender in exercising its remedies (i) under the Absolute Assignment (as defined in the Lien Instrument), (ii) under the Guarantee of Recourse Obligations of even date herewith executed by Mack-Cali Realty, L.P., a Delaware limited partnership (the "Principal") for the benefit of Lender and Co-Lender and under other separate guarantees, if any, (iii) under any of the other Loan Documents (as defined in the Lien Instrument), and (iv) in any other collateral securing the Indebtedness. If such proceeds are insufficient to pay the Indebtedness or to pay or perform such other obligation or liability of Borrowers under any of the other Loan Documents, Lender will never institute any action, suit, claim or demand in law or in equity against Borrowers for or on account of such deficiency; provided, however, that the provisions contained in this paragraph

- (i) shall not in any way affect or impair the validity of the Indebtedness or the validity or enforceability of the remedies afforded by the Lien Instrument or any other Loan Document; and
- (ii) shall not prevent Lenders from seeking and obtaining a judgment against Borrowers, and Borrowers shall be personally liable, for the Recourse Obligations.

"Recourse Obligations" means

- (a) rents and other income from the Property received by Borrowers or those acting on behalf of Borrowers during the one-year period preceding an Event of Default under the Loan Documents remaining uncured prior to the Conveyance Date (as hereinafter defined), which rents and other income have not been applied to the payment of principal and interest on the Notes or to reasonable operating expenses of the Property;
- (b) amounts necessary to repair any damage to the Property caused by the intentional acts or omissions of Borrowers or those acting on behalf of Borrowers; provided, however, that Borrowers shall not be liable for damage caused by omissions, if the Property generates insufficient cash flow to enable Borrowers to take the action necessary to prevent the damage;
- (c) insurance loss proceeds and Condemnation Proceeds (as defined in the Lien Instrument) released to Borrowers but not applied in accordance with any agreement between Borrowers and Lenders as to their application;
- (d) the amount of insurance loss proceeds which would have been available with respect to a casualty on the Property, but were not available due to (i) a default by Borrowers in carrying all insurance required by Lenders pursuant to the Loan Documents, or (ii) insurance coverage for acts of terrorism not being available after the date hereof;
- (e) damages suffered by Lenders as a result of fraud or misrepresentation in connection with the Indebtedness by Borrowers or any other person or entity acting on behalf of Borrowers;
- (f) (i) any payments in lieu of real estate taxes due and owing with respect to the Property on the Conveyance Date, (ii) indemnification from and against any actual damages sustained by Lenders after an Event of Default as a result of the Borrowers' termination of that certain Financial Agreement dated June 2, 1999 by and between Cal-Harbor V Urban Renewal Associates L.P. and the City of Jersey City, as amended by that certain Amendment to Financial Agreement effective as of December 1, 2000 (together, the "Financial Agreement") (which may include pre-Event of Default real estate taxes in excess of the Annual Service Charge) (as such term is defined in the Financial Agreement), and (iii) indemnification from and against any actual damages sustained by Lenders after an Event of Default as a result of an increase in the Annual Service Charge resulting from the current negotiations between the Borrowers and the City of Jersey City regarding the proper allocation of certain project costs, the total project costs and the amount of the Annual Service Charge (which may include pre-Event of Default increases in the Annual Service Charge);

(g) amounts in excess of any rents or other revenues collected by Lenders from operation of the Property from and after acceleration of the Indebtedness until the Conveyance Date, which amounts are necessary to (i) pay real estate taxes, special assessments and insurance premiums then due and payable with respect to the Property (to the extent not previously deposited with Lenders by Borrowers pursuant to the provisions of the Lien Instrument in the section entitled “**Deposits by Mortgagor**”), and (ii) fulfill Borrowers’ obligations as lessor under any leases of the Property and required to be performed at such time, in each case, either paid by Lenders and not reimbursed prior to, or remaining due or delinquent on, the Conveyance Date;

(h) all security deposits under leases of the Property or any portion of the Property collected by Borrowers, any agent of Borrowers or any predecessor of Borrowers, and not refunded to the tenants thereunder in accordance with their respective leases, applied in accordance with such leases or law or delivered to Lenders, and all rents collected more than thirty (30) days in advance by Borrowers, any agent of Borrowers or any predecessor of Borrowers and not applied in accordance with the leases of the Property or delivered to Lenders, or applied to the operating expenses of the Property;

(i) all outstanding amounts due under the Indebtedness, including principal, interest and other charges if there shall be a breach by Borrowers beyond any applicable notice and/or cure period of any of their covenants set forth in the Lien Instrument in the sections entitled: (i) “**Prohibition on Transfer/One-Time Transfer**”; or (ii) “**Other Liens**”, such that the breach becomes an Event of Default; and

(j) reasonable attorneys’ fees and expenses incurred to the extent suit is brought to collect any of the amounts described in subparagraphs (a) through (i), above and Lenders prevail in such suit.

“Conveyance Date” means the earliest to occur of: (i) the later of (a) the date on which title vests in the purchaser at the foreclosure sale of the Property pursuant to the Lien Instrument or (b) the date on which Borrowers’ statutory right of redemption shall expire or be waived, (ii) a Valid Tender Date, or (iii) the date of the conveyance of the Property to Lender and Co-Lender or their designee(s) by Borrowers in lieu of foreclosure.

“Valid Tender Date” means the date on which a Tender is made which, with the passage of time, becomes a Valid Tender.

“Tender” means the tender by Borrowers of (i) true, complete and accurate copies of all leases of the Property with an instrument assigning them to Lenders or Lenders’ designee, and (ii) a special warranty deed conveying good and marketable title to the Property to Lenders or Lenders’ designee, subject to no liens or encumbrances subordinate to the lien securing the Indebtedness not previously approved in writing by Lenders or permitted without Lenders’ consent pursuant to the Loan Documents. If title to the Property is in the same condition as approved by Lenders on the Loan Closing Date, as evidenced by Lenders’ title insurance policy, subject only to subsequent liens and encumbrances previously approved by Lenders or permitted without Lender’s consent pursuant to the Loan Documents, then title shall be deemed to be good and marketable.

“Valid Tender” means (i) a Tender, and (ii) the passage of the Review Period, during which period, Borrowers shall not create any consensual liens on the Property and Borrowers shall not be or become a debtor in any bankruptcy proceeding or the subject of any other insolvency proceeding (other than a bankruptcy or other insolvency proceeding commenced by Lenders or any of their Affiliates) unless the Tender is approved by the Bankruptcy Court or other court having jurisdiction over such insolvency proceeding, at which time it shall become a Valid Tender.

“Review Period” means the period of time from the date of the Tender until the earlier of (i) sixty (60) days thereafter, or (ii) the date of acceptance of the Tender by Lenders or Lenders’ designee.

Lenders or Lenders’ designee shall have the Review Period to accept or reject a Tender to enable Lenders or Lenders’ designee to review title to, and obtain an environmental assessment of, the Property, and, at Lenders’ or Lenders’ designee’s option, the deed and lease assignment shall be deposited into an escrow during the Review Period.

If Lenders or Lenders’ designee shall not accept such Tender within the Review Period, the Tender shall be deemed to be rejected, but a Valid Tender shall remain a Valid Tender despite such rejection.

It is understood and agreed that, from time to time, Borrowers may, for their own purposes and for the benefit of Lenders, identify certain individuals or entities affiliated with Principal who may severally guarantee such portion of the Loan as will be set forth in each new guaranty agreement entered into by each such individual or entity in favor of and delivered to Lenders. The new guaranty agreements may be amended, supplemented, modified, restated or terminated, and the identity of the new guarantors may be changed by written notice by Borrowers to Lenders from time to time; provided, however, that (a) any such new guaranty agreements, amendments, supplements, modifications and/or restatements (collectively, the “Additional Guaranties”) shall be acceptable to Lenders in form and substance, (b) any Additional Guaranties shall be in compliance with all applicable laws, (c) any Additional Guaranties shall have no effect whatsoever on the continuing validity and enforceability of the Loan Documents including, without limitation, any guaranty required by Lenders of any of the obligations thereunder including, without limitation, the Guarantee of Recourse Obligations and the Environmental Indemnity Agreement executed by Principal in connection with the Indebtedness, or any amendment, supplement, modification and/or restatement thereof, and (d) Lenders shall have no obligation to pursue their rights under any Additional Guaranties as a condition of enforcing any of their remedies with respect to any other Loan Document, or otherwise, and the guarantors under the Additional Guaranties shall have no rights of subrogation against the Borrowers or any guarantor of, or obligor under, any Loan Documents required by Lenders including, without limitation, the Guarantee of Recourse Obligations and the Environmental Indemnity Agreement executed by Principal on the Loan Closing Date.

It is a further condition of Lenders accepting any of the Additional Guaranties that an opinion be provided by Borrowers' counsel with respect to the validity and the enforceability of the Loan Documents that shall contain such provisions as Lenders shall reasonably require with respect to any such Additional Guaranty, including such counsel's opinion that any Additional Guaranty shall have no effect whatsoever on the continuing validity and enforceability of the Loan Documents including, without limitation, the Guarantee of Recourse Obligations and the Environmental Indemnity Agreement executed by Principal on the Loan Closing Date, and that Lenders shall have no obligation to pursue their rights under any Additional Guaranty as a condition of pursuing any other remedy, or otherwise.

(Remainder of page intentionally left blank)

This Note, the interpretation hereof and the rights, obligations, duties and liabilities hereunder shall be governed and controlled by the laws of the State of New York.

M-C PLAZA V L.L.C., a New Jersey limited liability company

By: Mack-Cali Realty, L.P.,
a Delaware limited partnership, its sole member

By: Mack-Cali Realty Corporation,
a Maryland corporation, its general partner

By: /s/ Barry Lefkowitz

Name: Barry Lefkowitz

Title: Executive Vice President and
Chief Financial Officer

CAL-HARBOR V URBAN RENEWAL ASSOCIATES L.P., a New Jersey limited partnership

By: Mack-Cali Sub X, Inc.,
a Delaware corporation, its general partner

By: /s/ Barry Lefkowitz

Name: Barry Lefkowitz

Title: Executive Vice President and
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CAL-HARBOR V LEASING ASSOCIATES L.L.C., a New Jersey limited liability company

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By: Mack-Cali Realty Corporation,
a Maryland corporation, its general partner

By: /s/ Barry Lefkowitz

Name: Barry Lefkowitz

Title: Executive Vice President and Chief
Financial Officer

New Jersey
Loan No. 374-0185

NEW YORK LIFE PROMISSORY NOTE

\$120,000,000.00 Dated as of October 28, 2008

For value received, the undersigned, herein called "Borrowers", promise to pay to the order of **NEW YORK LIFE INSURANCE COMPANY** ("New York Life"), a New York mutual insurance company, who, together with any subsequent holder of this note (hereinafter, this "Note"), is hereinafter referred to as "Lender", at 51 Madison Avenue, New York, NY 10010 or at such other place as Lender shall designate in writing, in coin or currency which, at the time or times of payment, is legal tender for public and private debts in the United States, the principal sum of ONE HUNDRED TWENTY MILLION DOLLARS plus interest on the outstanding principal balance at the rate and payable as follows:

Interest shall accrue from the date of advance until maturity at the rate of six and eighty hundredths percent (6.80%) per annum (the "Interest Rate").

Accrued interest only on the amount advanced shall be paid on the first day of the month following the date of advance (the "Amortization Period Commencement Date"). On the first day of the following month and on the first day of each month thereafter until maturity, installments of principal and interest shall be paid in the amount of \$782,311.00. In the event a payment date falls on a weekend or a legal holiday, the payment shall be due on the preceding business day.

Interest will be calculated assuming each month contains thirty (30) days and each calendar year contains three hundred sixty (360) days. In the event of a partial month, however, interest for such partial month will be calculated based on the actual number of days the principal balance of this Note is outstanding in the month and the actual number of days in the calendar year.

Payments shall be made directly to the Servicer, as defined in the Lien Instrument (as hereinafter defined), by electronic transfer of funds using the Automated Clearing House System. The Northwestern Mutual Life Insurance Company ("Northwestern") is the initial Servicer. Borrowers shall have no liability to Lender or Northwestern ("Co-Lender") in the event of the misapplication of payments by the Servicer. All installments shall be applied first in payment of interest, calculated monthly on the unpaid principal balance, and the remainder of each installment shall be applied in payment of principal. The entire unpaid principal balance plus accrued interest thereon shall be due and payable on November 1, 2018 (the "Maturity Date").

Provided Lender has no further obligation to advance principal under this Note to Borrowers, Borrowers shall have the right, upon not less than ten (10) business days prior written notice, beginning on the first anniversary of the advance of funds of paying this Note in full with a prepayment fee. Borrowers' failure to prepay within twenty (20) business days of the date of Borrowers' written notice of prepayment shall be deemed a withdrawal of Borrowers' notice of prepayment, and Borrowers shall be required to submit another written notice of prepayment pursuant to the terms and conditions set forth in this Note if Borrowers thereafter elect to prepay this Note. This prepayment fee represents consideration to Lender for loss of yield and reinvestment costs and shall also be payable (only if collected from the condemning authority as will be set forth in a side letter between Borrowers, Lender and Co-Lender) whenever prepayment occurs as a result of the application of Condemnation Proceeds, as defined in the Lien Instrument (as hereinafter defined), provided, however, that the side letter shall be binding upon all successors and assigns of Lender. The prepayment fee shall be the greater of Yield Maintenance or one percent (1%) of the outstanding principal balance of this Note.

"Yield Maintenance" means the amount, if any, by which

(i) the present value of the Then Remaining Payments (as hereinafter defined) calculated using a periodic discount rate (corresponding to the payment frequency under this Note) which, when compounded for such number of payment periods in a year, equals the linearly interpolated per annum effective yield of the two (2) Most Recently Auctioned United States Treasury Obligations (as hereinafter defined) having maturity dates most nearly equivalent to the Average Life Date (as hereinafter defined) as reported by The Wall Street Journal ("WSJ") dated one (1) business day prior to the date of prepayment (except that the WSJ Weekend Edition shall be used in lieu of the Monday WSJ provided the previous business day's Treasury yields are published therein); exceeds

(ii) the outstanding principal balance of this Note (exclusive of all accrued interest).

If such United States Treasury obligation yields shall not be reported as of such time or the yields reported as of such time shall not be ascertainable, then the periodic discount rate shall be equal to the linearly interpolated per annum effective yield of the two (2) Treasury Constant Maturity Series yields having maturity dates most nearly equivalent to the Average Life Date reported, for the latest day for which such yields shall have been so reported, as of one (1) business day preceding the prepayment date, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded United States Treasury obligations.

“Then Remaining Payments” means payments in such amounts and at such times as would have been payable subsequent to the date of such prepayment in accordance with the terms of this Note.

“Most Recently Auctioned United States Treasury Obligations” means the U.S. Treasury bonds, notes and bills with maturities of 10 years, 5 years, 2 years and 1 year which, as of the date the prepayment fee is calculated, were most recently auctioned by the United States Treasury.

“Average Life Date” means the date which is the Average Life from the date of prepayment.

“Average Life” means the weighted-average time for the return of the then-remaining principal balance of the Indebtedness (as hereinafter defined) as of the date of prepayment.

Upon the occurrence of an Event of Default (as defined in the Lien Instrument) followed by the acceleration of the whole indebtedness evidenced by this Note, the payment of such indebtedness will constitute an evasion of the prepayment terms hereunder and be deemed to be a voluntary prepayment hereof and such payment will, therefore, to the extent not prohibited by law, include the prepayment fee required under the prepayment in full right recited above and, if such prepayment occurs prior to the first anniversary of the date hereof, then such payment will, to the extent not prohibited by law, include a prepayment fee equal to the greater of Yield Maintenance or ten percent (10%) of the outstanding principal balance of this Note.

In the event of a partial prepayment of this Note for any reason contemplated in the Loan Documents (as defined in the Lien Instrument), the prepayment fee, if required, shall be an amount equal to the prepayment fee if this Note were prepaid in full, multiplied by a fraction, the numerator of which shall be the principal amount prepaid and the denominator of which shall be the outstanding principal balance of this Note immediately preceding the partial prepayment date.

Notwithstanding the above, this Note may be prepaid in full at any time, without a prepayment fee, during the last sixty (60) days of the term of this Note, provided that at the time of prepayment Borrowers are not in default under any provision contained in the Loan Documents.

Borrowers acknowledge and agree that the Interest Rate hereunder shall be increased if certain financial statements and other reports are not furnished to Lender, all as described in more detail in the section of the Lien Instrument entitled “**Financial Statements**”.

This Note and a Promissory Note of even date herewith from Borrowers to Co-Lender in the amount of One Hundred Twenty Million Dollars (the “Northwestern Note”) is secured by certain property (the “Property”) in Jersey City, Hudson County, State of New Jersey described in a Mortgage and Security Agreement and Financing Statement (the “Lien Instrument”) of even date herewith executed by M-C PLAZA V L.L.C., a New Jersey limited liability company, CAL-HARBOR V URBAN RENEWAL ASSOCIATES L.P., a New Jersey limited partnership, and CAL-HARBOR V LEASING ASSOCIATES L.L.C., a New Jersey limited liability company, to THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY and NEW YORK LIFE INSURANCE COMPANY. Any and all payments made by Borrowers, whether regularly-scheduled installment payments, voluntary prepayments or otherwise, shall be applied by the Servicer against this Note and the Northwestern Note ratably and without preference, *pari passu*. Lender and Co-Lender are hereinafter referred to together as the “Lenders”.

Upon the occurrence of an Event of Default (as defined in the Lien Instrument), the whole unpaid principal hereof and accrued interest shall, at the option of Lender, to be exercised at any time thereafter, become due and payable at once without notice, notice of the exercise of, and notice of the intent to exercise, such option being hereby expressly waived.

All parties at any time liable, whether primarily or secondarily, for payment of indebtedness evidenced hereby, for themselves, their heirs, legal representatives, successors and assigns, respectively, expressly waive presentment for payment, notice of dishonor, protest, notice of protest, and diligence in collection; consent to the extension by Lender of the time of said payments or any part thereof; further consent that the real or collateral security or any part thereof may be released by Lender, without in any way modifying, altering, releasing, affecting, or limiting their respective liability or the lien of the Lien Instrument; and agree to pay reasonable attorneys’ fees and expenses of collection in case this Note is placed in the hands of an attorney for collection or suit is brought hereon and Lender prevails in such suit and any reasonable attorneys’ fees and expenses incurred by Lender to enforce or preserve its rights under any of the Loan Documents in any bankruptcy or insolvency proceeding.

All amounts due Lender including principal and, to the extent permitted by applicable law, interest not paid when due (without regard to any notice and/or cure provisions contained in any of the Loan Documents), including principal becoming due by reason of acceleration by Lender of the entire unpaid balance of this Note, shall bear interest from the due date thereof until paid at the Default Rate. “Default Rate” means the lower of a rate equal to the interest rate in effect at the time of the default as herein provided plus 5% per annum or the maximum rate permitted by law.

In addition, if Borrower fails to make any payment to Lender when due and the failure continues for a period of five (5) business days or more, Borrower shall pay to Lender a late charge equal to three percent (3%) of the delinquent payment.

No provision of this Note shall require the payment or permit the collection of interest, including any fees paid which are construed under applicable law to be interest, in excess of the maximum permitted by law. If any such excess interest is collected or herein provided for, or shall be adjudicated to have been collected or be so provided for herein, the provisions of this paragraph shall govern, and Borrowers shall not be obligated to pay the amount of such interest to the extent that it is in excess of the amount permitted by law. Any such excess collected shall, at the option of Lender, unless otherwise required by applicable law, be immediately refunded to Borrowers or credited on the principal of this Note, without prepayment fee, immediately upon Lender's awareness of the collection of such excess.

Notwithstanding any provision contained herein, in the Lien Instrument or any of the other Loan Documents to the contrary, if Lender shall take action to enforce the collection of the indebtedness evidenced hereby or secured by the Lien Instrument (collectively, the "Indebtedness") or to enforce the collection or performance of any other obligation or liability of Borrowers under any of the other Loan Documents, its recourse shall, except as provided below, be limited to the Property or the proceeds from the sale of the Property and the proceeds realized by Lender in exercising its remedies (i) under the Absolute Assignment (as defined in the Lien Instrument), (ii) under the Guarantee of Recourse Obligations of even date herewith executed by Mack-Cali Realty, L.P., a Delaware limited partnership (the "Principal") for the benefit of Lender and Co-Lender and under other separate guarantees, if any, (iii) under any of the other Loan Documents (as defined in the Lien Instrument), and (iv) in any other collateral securing the Indebtedness. If such proceeds are insufficient to pay the Indebtedness or to pay or perform such other obligation or liability of Borrowers under any of the other Loan Documents, Lender will never institute any action, suit, claim or demand in law or in equity against Borrowers for or on account of such deficiency; provided, however, that the provisions contained in this paragraph

- (i) shall not in any way affect or impair the validity of the Indebtedness or the validity or enforceability of the remedies afforded by the Lien Instrument or any other Loan Document; and
- (ii) shall not prevent Lenders from seeking and obtaining a judgment against Borrowers, and Borrowers shall be personally liable, for the Recourse Obligations.

"Recourse Obligations" means

(a) rents and other income from the Property received by Borrowers or those acting on behalf of Borrowers during the one-year period preceding an Event of Default under the Loan Documents remaining uncured prior to the Conveyance Date (as hereinafter defined), which rents and other income have not been applied to the payment of principal and interest on the Notes or to reasonable operating expenses of the Property;

(b) amounts necessary to repair any damage to the Property caused by the intentional acts or omissions of Borrowers or those acting on behalf of Borrowers; provided, however, that Borrowers shall not be liable for damage caused by omissions, if the Property generates insufficient cash flow to enable Borrowers to take the action necessary to prevent the damage;

(c) insurance loss proceeds and Condemnation Proceeds (as defined in the Lien Instrument) released to Borrowers but not applied in accordance with any agreement between Borrowers and Lenders as to their application;

(d) the amount of insurance loss proceeds which would have been available with respect to a casualty on the Property, but were not available due to (i) a default by Borrowers in carrying all insurance required by Lenders pursuant to the Loan Documents, or (ii) insurance coverage for acts of terrorism not being available after the date hereof;

(e) damages suffered by Lenders as a result of fraud or misrepresentation in connection with the Indebtedness by Borrowers or any other person or entity acting on behalf of Borrowers;

(f) (i) any payments in lieu of real estate taxes due and owing with respect to the Property on the Conveyance Date, (ii) indemnification from and against any actual damages sustained by Lenders after an Event of Default as a result of the Borrowers' termination of that certain Financial Agreement dated June 2, 1999 by and between Cal-Harbor V Urban Renewal Associates L.P. and the City of Jersey City, as amended by that certain Amendment to Financial Agreement effective as of December 1, 2000 (together, the "Financial Agreement") (which may include pre-Event of Default real estate taxes in excess of the Annual Service Charge) (as such term is defined in the Financial Agreement), and (iii) indemnification from and against any actual damages sustained by Lenders after an Event of Default as a result of an increase in the Annual Service Charge resulting from the current negotiations between the Borrowers and the City of Jersey City regarding the proper allocation of certain project costs, the total project costs and the amount of the Annual Service Charge (which may include pre-Event of Default increases in the Annual Service Charge);

(g) amounts in excess of any rents or other revenues collected by Lenders from operation of the Property from and after acceleration of the Indebtedness until the Conveyance Date, which amounts are necessary to (i) pay real estate taxes, special assessments and insurance premiums then due and payable with respect to the Property (to the extent not previously deposited with Lenders by Borrowers pursuant to the provisions of the Lien Instrument in the section entitled “**Deposits by Mortgagor**”), and (ii) fulfill Borrowers’ obligations as lessor under any leases of the Property and required to be performed at such time, in each case, either paid by Lenders and not reimbursed prior to, or remaining due or delinquent on, the Conveyance Date;

(h) all security deposits under leases of the Property or any portion of the Property collected by Borrowers, any agent of Borrowers or any predecessor of Borrowers, and not refunded to the tenants thereunder in accordance with their respective leases, applied in accordance with such leases or law or delivered to Lenders, and all rents collected more than thirty (30) days in advance by Borrowers, any agent of Borrowers or any predecessor of Borrowers and not applied in accordance with the leases of the Property or delivered to Lenders, or applied to the operating expenses of the Property;

(i) all outstanding amounts due under the Indebtedness, including principal, interest and other charges if there shall be a breach by Borrowers beyond any applicable notice and/or cure period of any of their covenants set forth in the Lien Instrument in the sections entitled: (i) “**Prohibition on Transfer/One-Time Transfer**”; or (ii) “**Other Liens**”, such that the breach becomes an Event of Default; and

(j) reasonable attorneys’ fees and expenses incurred to the extent suit is brought to collect any of the amounts described in subparagraphs (a) through (i), above and Lenders prevail in such suit.

“Conveyance Date” means the earliest to occur of: (i) the later of (a) the date on which title vests in the purchaser at the foreclosure sale of the Property pursuant to the Lien Instrument or (b) the date on which Borrowers’ statutory right of redemption shall expire or be waived, (ii) a Valid Tender Date, or (iii) the date of the conveyance of the Property to Lender and Co-Lender or their designee(s) by Borrowers in lieu of foreclosure.

“Valid Tender Date” means the date on which a Tender is made which, with the passage of time, becomes a Valid Tender.

“Tender” means the tender by Borrowers of (i) true, complete and accurate copies of all leases of the Property with an instrument assigning them to Lenders or Lenders’ designee, and (ii) a special warranty deed conveying good and marketable title to the Property to Lenders or Lenders’ designee, subject to no liens or encumbrances subordinate to the lien securing the Indebtedness not previously approved in writing by Lenders or permitted without Lenders’ consent pursuant to the Loan Documents. If title to the Property is in the same condition as approved by Lenders on the Loan Closing Date, as evidenced by Lenders’ title insurance policy, subject only to subsequent liens and encumbrances previously approved by Lenders or permitted without Lender’s consent pursuant to the Loan Documents, then title shall be deemed to be good and marketable.

“Valid Tender” means (i) a Tender, and (ii) the passage of the Review Period, during which period, Borrowers shall not create any consensual liens on the Property and Borrowers shall not be or become a debtor in any bankruptcy proceeding or the subject of any other insolvency proceeding (other than a bankruptcy or other insolvency proceeding commenced by Lenders or any of their Affiliates) unless the Tender is approved by the Bankruptcy Court or other court having jurisdiction over such insolvency proceeding, at which time it shall become a Valid Tender.

“Review Period” means the period of time from the date of the Tender until the earlier of (i) sixty (60) days thereafter, or (ii) the date of acceptance of the Tender by Lenders or Lenders’ designee.

Lenders or Lenders’ designee shall have the Review Period to accept or reject a Tender to enable Lenders or Lenders’ designee to review title to, and obtain an environmental assessment of, the Property, and, at Lenders’ or Lenders’ designee’s option, the deed and lease assignment shall be deposited into an escrow during the Review Period.

If Lenders or Lenders’ designee shall not accept such Tender within the Review Period, the Tender shall be deemed to be rejected, but a Valid Tender shall remain a Valid Tender despite such rejection.

It is understood and agreed that, from time to time, Borrowers may, for their own purposes and for the benefit of Lenders, identify certain individuals or entities affiliated with Principal who may severally guarantee such portion of the Loan as will be set forth in each new guaranty agreement entered into by each such individual or entity in favor of and delivered to Lenders. The new guaranty agreements may be amended, supplemented, modified, restated or terminated, and the identity of the new guarantors may be changed by written notice by Borrowers to Lenders from time to time; provided, however, that (a) any such new guaranty agreements, amendments, supplements, modifications and/or restatements (collectively, the “Additional Guaranties”) shall be acceptable to Lenders in form and substance, (b) any Additional Guaranties shall be in compliance with all applicable laws, (c) any Additional Guaranties shall have no effect whatsoever on the continuing validity and enforceability of the Loan Documents including, without limitation, any guaranty required by Lenders of any of the obligations thereunder including, without limitation, the Guarantee of Recourse Obligations and the Environmental Indemnity Agreement executed by Principal in connection with the Indebtedness, or any amendment, supplement, modification and/or restatement thereof, and (d) Lenders shall have no obligation to pursue their rights under any Additional Guaranties as a condition of enforcing any of their remedies with respect to any other Loan Document, or otherwise, and the guarantors under the Additional Guaranties shall have no rights of subrogation against the Borrowers or any guarantor of, or obligor under, any Loan Documents required by Lenders including, without limitation, the Guarantee of Recourse Obligations and the Environmental Indemnity Agreement executed by Principal on the Loan Closing Date.

It is a further condition of Lenders accepting any of the Additional Guaranties that an opinion be provided by Borrowers' counsel with respect to the validity and the enforceability of the Loan Documents that shall contain such provisions as Lenders shall reasonably require with respect to any such Additional Guaranty, including such counsel's opinion that any Additional Guaranty shall have no effect whatsoever on the continuing validity and enforceability of the Loan Documents including, without limitation, the Guarantee of Recourse Obligations and the Environmental Indemnity Agreement executed by Principal on the Loan Closing Date, and that Lenders shall have no obligation to pursue their rights under any Additional Guaranty as a condition of pursuing any other remedy, or otherwise.

(Remainder of page intentionally left blank)

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Name: Barry Lefkowitz

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Name: Barry Lefkowitz

Title: Executive Vice President and Chief
Financial Officer

NM Loan No. 338136
NY Life Loan No. 374-0185

GUARANTEE OF RECOURSE OBLIGATIONS

(Single Guarantor)

In consideration of the benefits which the undersigned (herein called "Guarantor") will receive as a result of The Northwestern Mutual Life Insurance Company ("Northwestern") and New York Life Insurance Company ("NY Life") (Northwestern and NY Life being hereinafter together collectively referred to as "Lender") making the above-numbered loans to M-C Plaza V L.L.C., a New Jersey limited liability company, Cal-Harbor V Urban Renewal Associates L.P., a New Jersey limited partnership and Cal-Harbor V Leasing Associates L.L.C., a New Jersey limited liability company (collectively, the "Borrower") evidenced by the promissory notes (the "Notes") of even date herewith in the aggregate original principal amount of \$240,000,000 and secured by a Mortgage and Security Agreement and Financing Statement (the "Lien Instrument") covering property in Jersey City, Hudson County, State of New Jersey (the "Property"), and as an inducement required by Lender to fund said loans, Guarantor has agreed to guarantee:

- (A) The Recourse Obligations (as such term is defined in paragraph 9 hereof); and,
- (B) Following the occurrence of a Triggering Event (as such term is defined in paragraph 9 hereof), the payment of the Note and all amounts at any time owed to Lender under the other Loan Documents (as hereinafter defined) and the performance of all terms, covenants and conditions in the Loan Documents.

1. Therefore, for value received, Guarantor hereby, unconditionally and irrevocably, guarantees to Lender and its successors and assigns the full, prompt and faithful payment of all of the Recourse Obligations, (i) notwithstanding any invalidity of, or defect or deficiency in any Loan Documents, (ii) notwithstanding the fact that Borrower may have no personal liability for all or a portion of the Indebtedness and Lender's recourse against Borrower and Borrower's assets may be limited, and (iii) notwithstanding any act, omission or thing which might otherwise operate as a legal or equitable discharge of Guarantor. Guarantor shall, within five business days from the date notice is given to Guarantor that any of the Recourse Obligations is due and owing, pay such Recourse Obligation.

"Loan Documents" means the Notes, the Lien Instrument, that certain Loan Application dated as of August 5, 2008 from Borrower to Lender and that certain acceptance letter issued by Lender dated September 24, 2008 (together, the "Commitment"), that certain Absolute Assignment of Leases and Rents of even date herewith between Borrower and Lender (the "Absolute Assignment"), that certain Certification of Borrowers of even date herewith, that certain Limited Liability Company Supplement and that certain Limited Partnership Supplement each dated contemporaneously herewith, any other supplements and authorizations required by Lender and all other instruments and documents (as the same may be amended from time to time) executed by Borrower and delivered to Lender in connection with, or as security for, the indebtedness evidenced by the Notes, except any separate environmental indemnity agreement.

2. In addition, for value received, Guarantor hereby, unconditionally and irrevocably, guarantees to Lender and its successors and assigns the full, prompt and faithful payment of the full amount of the principal, interest and any other sums due or to become due under the Loan Documents (the "Indebtedness") upon and following the occurrence of a Triggering Event, it being the intention hereof that, following the occurrence of a Triggering Event, Guarantor shall remain liable until the Indebtedness shall be fully paid, (i) notwithstanding any invalidity of, or defect or deficiency in, any Loan Document, (ii) notwithstanding the fact that Borrower may have no personal liability for all or a portion of the Indebtedness and Lender's recourse against Borrower and Borrower's assets may be limited, and (iii) notwithstanding any act, omission or thing which might otherwise operate as a legal or equitable discharge of Guarantor.

Following the occurrence of a Triggering Event, Guarantor shall, within five business days from the date a notice is given to Guarantor that an Event of Default (as defined in the Lien Instrument) has occurred and is continuing, cure such Event of Default. If any Event of Default shall not be cured by Guarantor within said five business day period, Lender may, at its option, accelerate the Indebtedness (if operation of a stay under the federal bankruptcy code or under any other state or federal bankruptcy, insolvency or similar proceeding, prohibits or delays acceleration of the Indebtedness as to Borrower, Guarantor agrees that Guarantor's obligations hereunder shall not be postponed or reduced) and, within five business days from the date a written demand from Lender is given to Guarantor, Guarantor shall pay all of the Indebtedness, whether or not acceleration of the Indebtedness has occurred as to Borrower.

3. Any obligations not paid when due hereunder shall bear interest from the date due until paid at the Default Rate (as defined in the Notes). Guarantor hereby waives absolutely and irrevocably, until the Indebtedness shall have been paid in full, any right of subrogation whatsoever to Lender's claims against Borrower and any right of indemnity, reimbursement or contribution from Borrower with respect to any payment made or performance undertaken by Guarantor pursuant hereto. If Borrower shall become a debtor under the federal bankruptcy code or the subject of any other state or federal bankruptcy, insolvency or similar proceeding, neither the operation of a stay nor the discharge of the Indebtedness thereunder shall affect the liability of Guarantor hereunder.

4. Without limiting or lessening the liability of Guarantor under this Guarantee, Lender may, without notice to Guarantor:

- (A) Grant extensions of time or any other indulgences on the Indebtedness;
- (B) Take, give up, modify, vary, exchange, renew or abstain from perfecting or taking advantage of any security for the Indebtedness; and
- (C) Accept or make compositions or other arrangements with Borrower, realize on any security, and otherwise deal with Borrower, other parties and any security as Lender may deem expedient.

5. This Guarantee shall be a continuing guarantee, shall not be revoked by death, shall inure to the benefit of, and be enforceable by, any subsequent holder of the Notes and the Lien Instrument and shall be binding upon, and enforceable against, Guarantor and Guarantor's heirs, legal representatives, successors and assigns.

6. All additional demands, presentments, notices of protest and dishonor, and notices of every kind and nature, including those of any action or no action on the part of Borrower, Lender or Guarantor, are expressly waived by Guarantor. This is a guarantee of payment and not of collection. Guarantor hereby waives the right to require Lender to proceed against Borrower or any other party, or to proceed against or apply any security it may hold, waives the right to require Lender to pursue any other remedy for the benefit of Guarantor and agrees that Lender may proceed against Guarantor without taking any action against any other party and without proceeding against or applying any security it may hold. Lender may, at their election, foreclose upon any security held by them in one or more judicial or non-judicial sales, whether or not every aspect of such sale is commercially reasonable, without affecting or impairing the liability of Guarantor, except to the extent the Indebtedness shall have been paid. Guarantor waives any defense arising out of such an election, notwithstanding that such election may operate to impair or extinguish any right or any remedy of Guarantor against Borrower or any other security.

7. Guarantor agrees to pay reasonable attorneys' fees and all other costs and expenses which may be incurred in the enforcement of this Guarantee if Lender is successful in such enforcement action.

8. Any notices, demands, requests and consents permitted or required hereunder or under any other Loan Document shall be in writing, may be delivered personally or sent by certified mail, return receipt requested, with postage prepaid, or by reputable overnight courier service. Any notice or demand sent to Guarantor by certified mail or reputable overnight courier service shall be addressed to Guarantor at the address(es) set forth under Guarantor's signature below or such other address(es) in the United States of America as Guarantor shall designate in a notice to Lender given in the manner described herein. Any notice sent to Northwestern by certified mail or reputable overnight courier service shall be addressed to The Northwestern Mutual Life Insurance Company to the attention of the Real Estate Investment Department at 720 East Wisconsin Avenue, Milwaukee, WI 53202 or at such other addresses as Northwestern shall designate in a notice given in the manner described herein. Any notice sent to NY Life by certified mail or reputable overnight courier service shall be addressed to New York Life Insurance Company c/o New York Life Investment Management LLC to the attention of Real Estate Group, Director Loan Administration Division at 51 Madison Avenue, New York, NY 10010 or at such other addresses as NY Life shall designate in a notice given in the manner described herein. Any notice given to Lender shall refer to the respective Loan No(s). set forth above. Any notice or demand hereunder shall be deemed given when received. Any notice or demand which is rejected, the acceptance of delivery of which is refused or which is incapable of being delivered on a normal business day during normal business hours at the address(es) specified herein or such other address designated pursuant hereto shall be deemed received as of the date of attempted delivery.

9. The following terms shall be defined as set forth below:

“Recourse Obligations” means the following:

(a) rents and other income from the Property received by Borrower or those acting on behalf of Borrower during the one-year period preceding an Event of Default under the Loan Documents remaining uncured prior to the Conveyance Date (as hereinafter defined), which rents and other income have not been applied to the payment of principal and interest on the Notes or to reasonable operating expenses of the Property;

(b) amounts necessary to repair any damage to the Property caused by the intentional acts or omissions of Borrower or those acting on behalf of Borrower; provided, however, that Borrower shall not be liable for damage caused by omissions, if the Property generates insufficient cash flow to enable Borrower to take the action necessary to prevent the damage;

(c) insurance loss proceeds and Condemnation Proceeds (as defined in the Lien Instrument) released to Borrower but not applied in accordance with any agreement between Borrower and Lender as to their application;

(d) the amount of insurance loss proceeds which would have been available with respect to a casualty on the Property, but were not available due to (i) a default by Borrower in carrying all insurance required by Lender pursuant to the Loan Documents, or (ii) insurance coverage for acts of terrorism not being available after the date hereof;

(e) damages suffered by Lender as a result of fraud or misrepresentation in connection with the Indebtedness by Borrower or any other person or entity acting on behalf of Borrower;

(f) (i) any payments in lieu of real estate taxes due and owing with respect to the Property on the Conveyance Date, (ii) indemnification from and against any actual damages sustained by Lender after an Event of Default as a result of the Borrower's termination of that certain Financial Agreement dated June 2, 1999 by and between Cal-Harbor V Urban Renewal Associates L.P. and the City of Jersey City, as amended by that certain Amendment to Financial Agreement effective as of December 1, 2000 (together, the "Financial Agreement"), which may include pre-Event of Default real estate taxes in excess of the Annual Service Charge (as such term is defined in the Financial Agreement), and (iii) indemnification from and against any actual damages sustained by Lender after an Event of Default as a result of an increase in the Annual Service Charge resulting from current negotiations between the Borrower and the City of Jersey City regarding the proper allocation of certain project costs, the total project costs and the amount of the Annual Service Charge (which may include pre-Event of Default increases in the Annual Service Charge);

(g) amounts in excess of any rents or other revenues collected by Lender from operation of the Property from and after acceleration of the Indebtedness until the Conveyance Date, which amounts are necessary to (i) pay real estate taxes, special assessments and insurance premiums then due and payable with respect to the Property (to the extent not previously deposited with Lender by Borrower pursuant to the provisions of the Lien Instrument in the section entitled "**Deposits by Mortgagor**"), and (ii) fulfill Borrower's obligations as lessor under any leases of the Property and required to be performed at such time, in each case, either paid by Lender and not reimbursed prior to, or remaining due or delinquent on the Conveyance Date;

(h) all security deposits under leases of the Property or any portion of the Property collected by Borrower, any agent of Borrower or any predecessor of Borrower, and not refunded to the tenants thereunder in accordance with their respective leases, applied in accordance with such leases or law or delivered to Lender, and all rents collected more than thirty (30) days in advance by Borrower, any agent of Borrower or any predecessor of Borrower and not applied in accordance with the leases of the Property or delivered to Lender, or applied to the operating expenses of the Property;

(i) all outstanding amounts due under the Indebtedness, including principal, interest and other charges if there shall be a breach by Borrower beyond any applicable notice and/or cure period of any of its covenants set forth in the Lien Instrument in the sections entitled: (i) **“Prohibition on Transfer/One-Time Transfer”**; or (ii) **“Other Liens”**, such that the breach becomes an Event of Default; and

(j) reasonable attorneys’ fees and expenses incurred to the extent suit is brought to collect any of the amounts described in subparagraphs (a) through (i) above and Lender prevails in such suit.

“Conveyance Date” means the earliest to occur of: (i) the later of (a) the date on which title vests in the purchaser at the foreclosure sale of the Property pursuant to the Lien Instrument, or (b) the date on which Borrower’s statutory right of redemption shall expire or be waived; (ii) a Valid Tender Date; or (iii) the date of the conveyance of the Property to Lender or its designee(s) by Borrower in lieu of foreclosure.

“Valid Tender Date” means the date on which a Tender is made which, with the passage of time, becomes a Valid Tender.

“Tender” means the tender by Borrower of (i) true, complete and accurate copies of all leases of the Property with an instrument assigning them to Lender or Lender’s designee, and (ii) a special warranty deed conveying good and marketable title to the Property to Lender or Lender’s designee, subject to no liens or encumbrances subordinate to the lien securing the Indebtedness not previously approved in writing by Lender or permitted without Lender’s consent pursuant to the Loan Documents. If title to the Property is in the same condition as approved by Lender on the Loan Closing Date, as evidenced by Lender’s title insurance policy, subject only to subsequent liens and encumbrances previously approved by Lender or permitted without Lender’s consent pursuant to the Loan Documents, then title shall be deemed to be good and marketable.

“Valid Tender” means (i) a Tender, and (ii) the passage of the Review Period, during which period, Borrower shall not create any consensual liens on the Property and Borrower shall not be or become a debtor in any bankruptcy proceeding or the subject of any other insolvency proceeding (other than a bankruptcy or other insolvency proceeding commenced by Lender or any of their Affiliates) unless the Tender is approved by the Bankruptcy Court or other court having jurisdiction over such insolvency proceeding, at which time it shall become a Valid Tender.

“Review Period” means the period of time from the date of the Tender until the earlier of (i) sixty (60) days thereafter, or (ii) the date of acceptance of the Tender by Lender or Lender’s designee.

Lender or Lender's designee shall have the Review Period to accept or reject a Tender to enable Lender or Lender's designee to review title to, and obtain an environmental assessment of, the Property, and, at Lender or Lender's designee's option, the deed and lease assignment shall be deposited into an escrow during the Review Period.

If Lender or Lender's designee shall not accept such Tender within the Review Period, the Tender shall be deemed to be rejected, but a Valid Tender shall remain a Valid Tender despite such rejection.

"Triggering Event" means any of the following:

- (A) Any claim is asserted alleging a fraudulent conveyance or transfer under applicable state or federal law in connection with the fact that any of the entities constituting the Borrower received inadequate consideration for performing its obligations under the Loan Documents;
- (B) The filing by Borrower of a voluntary petition for relief under the federal bankruptcy code;
- (C) The filing of an involuntary petition against Borrower under the federal bankruptcy code which shall remain undismissed for a period of one hundred and twenty (120) days; or
- (D) Borrower shall become the subject of any liquidation, receivership or other similar proceedings and, if such proceeding is involuntary, shall remain undismissed for a period of one hundred and twenty (120) days.

10. This Guarantee shall be governed by and construed in all respects in accordance with the laws of the State of New Jersey without regard to any conflict of law principles. With respect to any action, lawsuit or other legal proceeding concerning any dispute arising under or related to this Guarantee, Guarantor hereby irrevocably consents to the jurisdiction of the courts located in the State of New Jersey and irrevocably waives any defense of improper venue, forum nonconveniens or lack of personal jurisdiction in any such action, lawsuit or other legal proceeding brought in any court located in the State of New Jersey. Nothing contained herein shall affect the rights of Lender to commence an action, lawsuit or other legal proceeding against Guarantor in any other jurisdiction.

11. Notwithstanding anything to the contrary herein, the terms and provisions of this Guarantee and the obligations of Guarantor hereunder shall terminate and be of no further force and effect, but solely with respect to clauses (a) through (d), inclusive and clauses (f) through (i), inclusive in the definition of "**Recourse Obligations**" herein, at such time as the conditions in the section of the Lien Instrument entitled "**Defeasance**" have been satisfied. For the avoidance of doubt, in such instance, this Guarantee (and the obligations of Guarantor hereunder) shall not terminate and shall continue in force and effect (a) with respect to clauses (e) and (j) in the definition of "**Recourse Obligations**" herein, and (b) following the occurrence of a Triggering Event, with respect to Guarantor's obligation to pay the Note and all amounts at any time owed to Lender under the other Loan Documents, and the performance of all terms, covenants and conditions in the Loan Documents.

12. If any provision contained in this Guarantee is in conflict with, or inconsistent with, any provision in the Commitment, the provision in this Guarantee shall govern and control.

(Remainder of page intentionally left blank)

Executed as of the 28th day of October, 2008.

MACK-CALI REALTY, L.P.,
a Delaware limited partnership

By: Mack-Cali Realty Corporation,
a Maryland corporation, its general partner

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

Mailing Addresses:

Mack-Cali Realty, L.P.
343 Thornall Street
Edison, New Jersey 08837-2206
Attn: Mitchell E. Hersh, President & Chief Executive Officer

With a copy to the Attention of Roger W. Thomas, Esq., Executive Vice President & General Counsel, at
the same address



MACK-CALI REALTY CORPORATION
Certification

I, Mitchell E. Hersh, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mack-Cali Realty Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2008

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



MACK-CALI REALTY CORPORATION
Certification

I, Barry Lefkowitz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mack-Cali Realty Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2008

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





**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Mack-Cali Realty Corporation (the "Company") for the quarterly period ended September 30, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Mitchell E. Hersh, as President and Chief Executive Officer of the Company, and Barry Lefkowitz, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of §13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 29, 2008

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

Date: October 29, 2008

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

This certification accompanies each Report pursuant to §906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by §906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.
